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NEWS SUMMARY

GENERAL

Slater in threat to halt all ferries
National Union of Seamen secretary Jim Slater threatened to halt all ferries between Britain and the Continent unless the Sealink strike was resolved by peace talks which began last night on the company's demand for pay cuts at Harwich.
The NUS reported a full response from its 3,500 members and all British-operated Sealink ferries were halted. The company's partners in Belgium, France and Holland were operating normally. There were no reports of major delays or congestion at the ports. Back Page

Labour funds
Trade unions say that by the end of the year they will have raised £1m for the Labour Party, which needs about £30,000 to clear its deficit. Back Page and Page 9

Overtime limit
The TUC is considering proposals to limit the number of hours overtime which can be worked. Page 9

'Back from dead'
Scots guardsman Philip Williams, 18, who was missing presumed dead on the Falklands, walked into a farmhouse at Bluff Cove and said he had been suffering from amnesia. Page 24

Soldiers crash
British soldiers Michael France, 23, and Robert McLeellan, 24, died when the armoured vehicle they were in crashed into an express train near Osnabruck, West Germany, injuring 21 people on the train. Page 24

Welsh protest
National Eisteddfod of Wales opened at Swansea with protests from Welsh language campaigners about exhibitors promoting their wares in English and lack of post office forms in Welsh. Page 24

Nuclear store
West German police in Engstingen repeatedly moved demonstrators from the entrance of an army barracks where the protesters said six nuclear warheads for U.S. lance missiles were stored. Page 24

Journalist ousted
The Soviet Union is expelling Newswatch journalist Andrew Naporski for "impermissible journalistic practices" including allegedly impersonating a Soviet correspondent. Page 24

Kenya clashes
There were sporadic clashes in Kenya between troops loyal to President Daniel arap Moi and rebels responsible for Sunday's attempted coup, but the government appeared in control. Page 24

Bodies identified
Henry Frankerd identified the bodies of his brother Richard, 32, and sister Nicola, 24, found in eastern Zimbabwe after being missing since July 14. Page 24

Polish refugees
Two Polish men in their late twenties have asked for political asylum in Sweden after a 16-hour Baltic crossing from Poland. Page 24

Pet frozen
Thieves shut Fred, a children's pet, in a freezer while ransacking their home. The bird was found dead when the family returned to their Glamorgan home from holiday. Page 24

Briefly
South Atlantic fund will give out £1.5m this week to widows and dependants of Falklands victims. Page 24

Mr. Bob Mellish, MP for Bermondsey and former Labour Chief Whip, resigned from the party. Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS	
Treasury 3pc 1986	88 1/2
Treasury 12pc 1995	101 1/2
10c Isolates	62 1/2
Beef (H)	30 1/2
Beef (L)	28 1/2
Butter Printing	47 1/2
Butter	47 1/2
Paraffin	169 1/2
Plumb (G.M.)	155 1/2
Label Int.	41 1/2
Forward Tech.	17 1/2
Ice Refrigeration	243 1/2
Merchandise	149 1/2
London	149 1/2
Provision	252 1/2
Standard	50 1/2
Standard Props. A	150 1/2

FALLS	
Scott and Newcastle	64 1/2
Walsby	498 1/2
Western Brothers	63 1/2
Whitbread A	118 1/2
Clyde Pet.	93 1/2
KCA Int.	80 1/2
Sun (UK) Royalty	120 1/2
Anglo Am. Gold	231 1/2
Joburg Cons.	231 1/2
President Brand	214 1/2
St. Helena	113 1/2
Vaal Reefs	130 1/2

STANDARD TELEPHONE AND CABLES	
Standard Telephone	262 1/2
Johns. Manufactory	148 1/2
Plessey	515 1/2
Standard Telephones	575 1/2

Reagan warns Israel to stop fighting in Lebanon

AMID SIGNS of the most serious rift between the U.S. and Israel since the start of the Lebanon crisis, President Ronald Reagan warned Mr. Mitzhak Shamir, the Israeli Foreign Minister, yesterday: "The world can no longer accept constantly escalating violence" in Lebanon. Any continuation of the fighting could end the peace mission of Mr. Philip Habib, the U.S. envoy, he said, writes Anatole Kaletsky in Washington.
After a short and obviously tense meeting with Mr. Shamir at the White House, the President issued his strongest

statement so far to call for all the fighting to stop. "A complete end by all parties to the hostilities in and around Beirut" was a "prerequisite" for Mr. Habib to continue his negotiations, the President told Mr. Shamir.
But the Israeli minister, in an implicit rebuff to the President, said that Israel would maintain a ceasefire only "on one condition: that it be absolute and mutual." There can be no "one-sided ceasefires" in Beirut, he said, reiterating his government's position that its attacks on targets in West Beirut over

the weekend were in retaliation for Palestinian violations of a ceasefire.
By David Lennon in Tel Aviv writes: In Israel, Mr. Menahem Begin, the Prime Minister, warned Mr. Morris Draper, an assistant to Mr. Habib, who arrived from Washington, that the time at the disposal of diplomats to persuade the Palestine Liberation Organisation (PLO) to leave Beirut was running out.
A Foreign Ministry official said that, although Israel would like to observe the ceasefire, "we believe that

the PLO must be pressed into leaving West Beirut." He added that PLO violations of the ceasefire gave Israel the opportunity to persuade it that Israel meant business.
Israeli troops, who advanced more than a kilometre into south-west Beirut on Sunday and took the international airport and the southern outskirts of two refugee camps, continued to creep forward yesterday. The process was described in Tel Aviv as "improving positions and straightening lines."
The army spokesman here said that the Israeli troops

only opened fire after Palestinian guerrillas had fired on Israeli troops for hours. The fighting yesterday was not as intensive as a massive bombardment from air, sea and land on Sunday, which the English-language Jerusalem Post described as a "savage riposte" to PLO violations of the ceasefire. A large column of Israeli tanks has moved into East Beirut, which is held by Christian forces.
Israel was unhappy yesterday with the UN Security Council's decision to station UN observers along the ceasefire line in Beirut, between Israeli forces and those of the PLO, to monitor the observance of the ceasefire, which has repeatedly broken down.
No official position has yet been taken and the Cabinet is expected to meet this week to discuss this issue. But the Foreign Ministry has said already that the Security Council was avoiding the main problem which, Israel says, is to make the Palestinian guerrillas leave Beirut. The Ministry said that Israel was "very much concerned by this apparent attempt to prolong the negotiations."

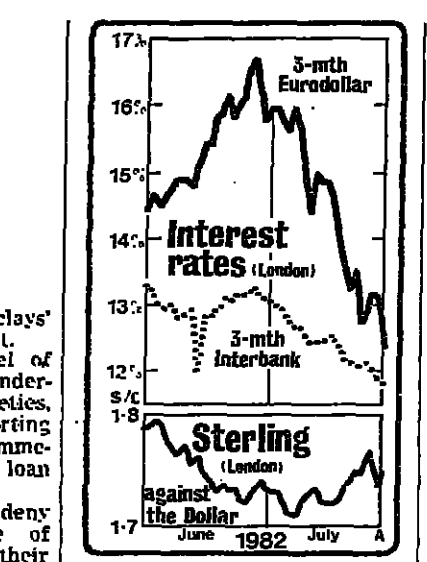
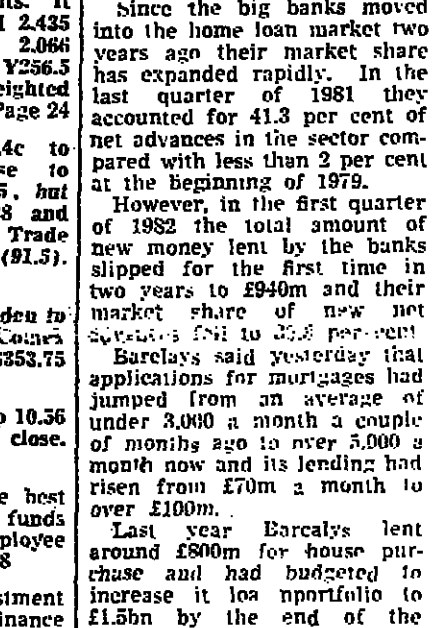
Barclays halves rate of mortgage lending

BY WILLIAM HALL AND MICHAEL CASSELL

BARCLAYS BANK, the most aggressive in the big bank invasion of the home loan market, is to halve its rate of lending for home mortgages.
Its action comes at a time when there are signs that the expansion of bank lending generally for house purchase is slowing sharply.
Barclays has been lending more than £100m a month for house purchase. It has now instructed its managers to cut lending to £50m a month. Only people who have had an account with Barclays for at least six months will be granted home loans.

since the big banks moved into the home loan market two years ago their market share has expanded rapidly. In the last quarter of 1981 they accounted for 41.3 per cent of net advances in the sector compared with less than 2 per cent at the beginning of 1979.
However, in the first quarter of 1982 the total amount of new money lent by the banks slipped for the first time in two years to £940m and their market share of new net advances fell to 35.8 per cent.
Barclays said yesterday that applications for mortgages had jumped from an average of under 3,000 a month a couple of months ago to over 5,000 a month now and its lending had risen from £70m a month to over £100m.
Last year Barclays lent around £800m for house purchase and had budgeted to increase its loan portfolio to £1.5bn by the end of the

current year. But it has almost reached its target half way through the year.
Mr Brian Pearce, Barclays general manager in charge of retail banking, said that its target of £800m a year growth in its home loan portfolio was in line with the sort of presence it wanted in the market.
There had also been signs that the building societies were nearing their lending limits and there had been a "rather dramatic increase in requests for bank mortgages."
Mr Pearce said that the shortfall in supply of housing funds was surprising given the fact that house prices were not moving up and the housing market was still depressed.
Other major banks said yesterday that they did not intend cutting their mortgage lending, although only National Westminster, which is lending close to £100m a month, comes



U.S. banks cut prime to 15%

By Paul Taylor in New York and William Hall in London

ALL THE major U.S. banks cut their prime rates yesterday by half a percentage point to 15 per cent.
The cuts came as Eurodollar interest rates again fell sharply and the Bank of England again lowered its intervention rates in the London money market, adding to hopes that UK interest rates have further to fall in the coming weeks.
The prime rate reduction, the third in two weeks, will bring further relief to hard-pressed U.S. corporate customers. It matches the cut announced by Mellon National Bank on Friday. This followed the Federal Reserve Board's decision to reduce the discount rate - at which it lends short-term to the banks - to 11 per cent, the second cut in two weeks.
The lower prime rate, which banks charge to their best corporate customers, reflects a continuing easing in U.S. short-term money market interest rates. The Fed funds rate has dropped from over 12 per cent to under 11 per cent in the past two weeks.

UK trade surplus rises to £152m

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITAIN'S visible trade moved back into balance in June after a deficit of £115m in May. After taking account of invisible earnings, the surplus on current accounts is estimated to have been £152m in June compared with a £35m surplus in May.
The June trade figures, published yesterday, provide some encouraging news for the Government because they show a substantial improvement in the balance of trade, excluding oil, and an apparent moderation of the recent alarmingly high levels of imports.
The current account surplus in the first half of the year was £1.2bn. This, taken with the improvement shown by the June figure, is likely to calm fears expressed in some quarters of the City that a deteriorating trade position might start to put pressure on sterling.
Yesterday's figures appeared to have no adverse effect on the foreign exchange markets. This is important to the Government, which is anxious to continue a cautious policy of lowering interest rates as long as this does not lead to an excessively sharp fall in sterling.
The improved balance on visible trade in June was achieved in spite of a £130m adverse swing in the surplus earned on oil between May and June to £177m in June. For non-oil trade the deficit decreased from £442m in May to £175m in June.
Both imports and exports fell in June compared with levels in the previous few months.
Imports, which had been running at levels which represented an appreciable threat to the UK's economic recovery, were reduced by 51 per cent in value terms compared with the May figure and by 7 per cent in volume terms.
This decrease reflected lower deliveries of imported manufactured goods, whose volume was 10 per cent less than it was in May and has now fallen back to about the same level as at the beginning of the year.
In April and May the volume of imports, particularly of manufactured goods, increased sharply and fears that this might represent a more voracious appetite for foreign goods, underlying some of the gloomier predictions about Britain's future trade position.
Exports were also down in June compared with May - by 3 per cent in value terms and by 41 per cent in volume terms. In spite of this the total volume of exports for the three months to June was about 5 per cent higher than in the same period last year.
Continued on Back Page

Month	Visible trade	Invisibles*	Current balance
1981 4th qtr.	+490	+875	+1,365
1982 1st qtr.	+355	+329	+685
1982 2nd qtr.	+83	+450	+533
1982 January	-103	+110	+7
February	+188	+110	+298
March	+271	+109	+380
April	+196	+150	+346
May	-115	+150	+35
June	+2	+150	+152

* Invisibles are projections and subject to revision as information becomes available.

Four British companies ordered to ignore Siberia pipeline ban

BY PAUL CHEESRIGHT, WORLD TRADE EDITOR

THE UK Government yesterday prohibited four companies supplying £134m-worth of goods to the Siberia-West Europe gas pipeline from complying with the U.S. embargo on pipeline contracts.
The four companies are John Brown Engineering of Clydebank with a £104m order to supply gas-turbines; American Air Filters of Cranston, Northumberland, a sub-contractor to John Brown, with an order for £9.6m-worth of turbine air-filters; Baker Oil Tools (UK) of Aberdeen, with a contract for £14m of down-hole equipment; and Smith International (North Sea) of Stroud, Glas., which is supplying £12.4m of well-head equipment.
The four contracts comprise more than half the value of total UK orders won for the pipeline by 12 companies in all.
The prohibition was announced in the Lords by Lord Cockfield, the Trade Secretary, who invoked the Protection of Trading Interests Act 1980. This is designed to shelter companies resident in the UK from the demands of foreign governments when those demands are considered to be against British trading interests.
If the companies fail to comply

with their contracts with the Soviet Union solely because of the U.S. embargo the Attorney-General can institute legal proceedings against them that might lead to fines.
The Government waited until after Mr Francis Pym, the Foreign Secretary, met Mr George Shultz, the new U.S. Secretary of State, last week before deciding to act.
Mr Pym failed to persuade Soviet Union aides hand over pipeline embargo, Page 2
Polish debt rescheduling, Page 2
Reagan encouraged by Polish developments, Page 2

the U.S. to moderate the terms of the embargo which, according to Lord Cockfield yesterday, "is an attempt to interfere with existing contracts and is an unacceptable extension of American extra-territorial jurisdiction in a way which is repugnant to international law."
The embargo bans use of U.S. technology for the 5,900 km pipeline and thus affects John Brown, which is a manufacturer of gas turbines for the pipeline. It also forbids the foreign subsidiaries of U.S. corporations from supplying goods for it, thus affecting the other three companies named in the UK

CONSTRUCTIVE ADVICE.

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We're constructive in other ways. We offer castings, foundries, and important advice on construction and manufacturing projects.

Spot	July 30	Previous
1 month	\$1,742.5-747.5	\$1,751.5-755.5
3 months	0.06-0.09	pm 0.09-0.11
6 months	0.82-0.85	pm 0.70-0.74
12 months	3.50-3.70	pm 3.75-3.85

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EUROPEAN NEWS

Colombo visit aims to heal EEC rift with Latin America

BY RUPERT CORNWELL IN ROME

SIG EMILIO COLOMBO, the Italian Foreign Minister, left Rome yesterday for an eight-day visit to three Latin American nations...



Sig Emilio Colombo

The trip is the first to the region by a senior Community politician since the conflict earlier this year. No Community Foreign Minister has been in Buenos Aires since 1976...

It was being emphasised in Rome that the Italian Minister has no official mandate from the EEC—still less from Britain—and the trip seems to have been, in part, his own idea.

Swiss current account back in black last year

BY JOHN WICKS IN ZURICH

SWITZERLAND'S current account was back in the black last year, according to a government report, with a surplus of SwFr 5,090m.

The surplus on services grew last year from SwFr 7,310m to SwFr 8,100m, the major contribution being a surplus on tourism of SwFr 2,560m.

Other important sources of net income included goods transport with a 1981 surplus of SwFr 650m (1980: SwFr 605m), private insurance with a contribution of SwFr 540m (1980: SwFr 470m) and transit trade with a net SwFr 490m (1980: SwFr 400m).

Capital income rose sharply during the year from a net SwFr 7,640m to a surplus of SwFr 10,100m, though this was partially offset by an increased sum of SwFr 3,110m accounted for by the earnings of border-crossing workers.

Since the Swiss foreign trade deficit was down by over 40 per cent in the first half of 1982 on the corresponding period of last year, it seems probable that there will be a rise in this year's surplus on the current account.

Credit Suisse has estimated that the first-quarter surplus was of the order of SwFr 1,500m alone. The record surplus was that of SwFr 8,420m booked in 1976, which was the first year since 1953 that Switzerland had recorded a foreign trade surplus.

Yugoslavia curbs prices

BY ALEKSANDAR LEBL IN BELGRADE

THE YUGOSLAV Government has brought in a six-month price freeze. It is the fifth freeze within the past few years and reflects failure to stem inflation.

Against the targeted 15 per cent rise in retail prices for 1982, they had increased by 19.3 per cent by end-July, according to Mr Anton Polajnar, chairman of the Federal Pricing Commission. Even with the freeze, Mr Polajnar expects 25-27 per cent inflation this year.

Hire purchase deposits on cars, household appliances, and similar goods have been increased from 50 to 60 per cent to 80 per cent, and for other goods from 20-50 per cent to 60 per cent.

The July prices explosion resulted mainly from increases in petrol and other oil derivatives.

Newsweek journalist expelled by Russia

By Anthony Robinson in Moscow

THE MOSCOW correspondent of the U.S. news magazine Newsweek, Mr Andrew Nagorski, was called into the Soviet Ministry of Foreign Affairs yesterday and told that he was to be expelled for repeated use of "impermissible journalistic practices".

He was given "reasonable time" to pack his bags and leave the country with his wife and three children. The authorities accused him of posing as a Polish tourist in June this year during his visit to Kovno, a town which was incorporated into the Soviet Union after the war.

The Soviet newsagency Tass said he was accused of trying to penetrate the closed city of Kurban-Tyube on July 23 on his way to Dushanbe. "In violation of the existing rules for the movement of foreigners."

According to a Tass report, Mr Nagorski tried to pose as deputy editor-in-chief of the regional newspaper Krasny Sever while visiting the city of Volgograd in October 1981. Mr Nagorski says he was stopped by militiamen during his visit to Volgograd and, in addition to showing his accreditation, said that his activities in the town could also be verified by the deputy editor of Krasny Sever with whom he has just had an interview. He showed the deputy editor's visiting card which the militiamen kept for reference.

In Kovno, Mr Nagorski, who is of U.S.-Polish extraction and speaks Polish, said that he made clear his status as a correspondent and declared his background.

During preparation for his visit to Dushanbe, he sent telegrams to the Foreign Ministry informing them of his intention to visit Kurban-Tyube, the normal practice for foreign correspondents, and received no advice that this was not allowed.

Mr Nagorski added: "The charges are quite bogus and I can only guess that they did not like what I have been writing about the Soviet Union and wanted to get rid of me." Mr Nagorski is the first U.S. correspondent to be expelled from the Soviet Union since the expulsion of Mr Robert Tott of the Los Angeles Times three years ago.

Clues for police in Armenian hunt

The death of a young Armenian in an explosion in a Paris house has given police their first lead in a nine-month hunt for an Armenian group waging a bomb campaign in the city, according to police. Reuter reports from Paris.

Explosives, weapons and Armenian nationalist documents were found at the house where 23-year-old Pierre Guluzian was killed in a blast on Friday, the police said.

They hope the materials and the arrest of Guluzian's brother Katchadour, 29, will lead them to the "Orly" group which has injured over two dozen people in bombings since last year.

POLISH DEBT RESCHEDULING

Western banks unhappy with Warsaw offer

BY ALAN FRIEDMAN

WESTERN BANKERS involved in talks on the rescheduling of Poland's 1982 debt are unhappy with Polish proposals which would allow Warsaw to pay only 20 per cent of its \$900m (5520m) of 1982 interest.

Neither the Poles nor the 500 Western commercial bank creditors have discussed the proposals in formal negotiations, but it was learned yesterday that Poland favours a programme which would allow the following:

- The total amount of 1982 principal would be rescheduled over 10 years, rather than 7 1/2 years as was agreed for 1981 debt.
Only 20 per cent of the

\$900m of 1982 interest would be paid. The remaining 80 per cent would be made immediately available as trade credits and would be repaid over a one-year period.

Western banks would supply Poland with a new \$300m medium-term Eurocredit.

The Polish proposals were discussed at a series of meetings among bankers last week in New York and London. The bankers' own position involves a firm assertion that Poland must pay its full 1982 interest debt.

According to one banker who attended last week's meetings, Poland is unlikely to receive

Poland restored automatic telephone links with West Germany yesterday for the first time since martial law was imposed last December, Reuter reports from Bonn.

Private calls connected manually by operators in Warsaw were restored 16 days ago and censored business and diplomatic calls have been allowed since April.

more than 50 per cent of its 1982 interest back as fresh trade credits.

Referring to the Polish desire for \$300m of new money, he declared: "There will be no fresh funds."

The Western banks are also thinking in terms of a 95 per cent rescheduling of 1982 principal rather than the full amount, around \$2.4bn. The Polish debt talks are made more difficult by the fact that some agreement is needed before September 10, which is known among bankers as "cross default" day.

Bankers involved in the rescheduling talks said last night that a full-scale rescheduling agreement would be impossible to achieve by September 10, but some form of preliminary agreement would have to be reached.

"We will have to work exceptionally hard because something has to be signed and in place by September 10," commented one banker.

Dutch pharmacists in protest over drugs blacklist

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH health system, regarded as one of the finest and most generous, is facing the same kind of financial strain which has beset the British National Health Service for years.

The latest complaint comes from the Dutch Pharmaceutical Industry Association, which has protested about a so-called blacklist of drugs which, from September 1, cannot be prescribed to patients whose medicines are paid for by the state.

Some 300 preparations have been listed in the official

government gazette as unavailable on a social welfare basis, and the pharmaceutical industry has struck back by suggesting that such a ban contravenes the Treaty of Rome's free trade regulations.

In the Netherlands, those living on or below the agreed national minimum wage receive their health prescriptions free of charge, with the bills being met by the state.

Higher income earners pay a proportion of the total, and those earning more than a certain amount pay for pre-

scriptions out of their private health insurance.

The fear is now that the economically most vulnerable will have to accept drugs which are cheaper than those considered best by doctors for their conditions.

Mrs Til Gardener, the Dutch Health Minister, ran into objections earlier this month when she announced that she intended closing about 30 Dutch hospitals, most in Amsterdam, Rotterdam, The Hague and Utrecht, between now and 1990. The Labour Party objected to the planned

closure, and there was also criticism in the Dutch press.

A spokesman for the Association of Dutch Sickness Funds said yesterday that he felt the latest proposal on medicines could be defeated if doctors refused to operate the new rules.

Under Mrs Gardener's proposals, several hospitals will have to reduce their wards, bringing the total number of beds for patients down by 8,000. In The Hague alone, three hospitals and 13 wards could be affected, involving nearly 1,000 beds.

The present Interim Cabinet, made up of Christian Democrats and the minority Democrats '66 Party, is determined to reduce Government spending by Fl 16.5bn (£3.5bn) between now and the end of 1985, and sees the social welfare system, including subsidised health spending, as an important target for cuts.

The general election, on September 3, will centre on the extent of the savings required and how far the parties are prepared to go in pursuit of their objectives.

Unrest threat as Portugal ends price freeze

BY ANATOLE KALETSKY IN LISBON

LISBON—Portugal's six-week-old wage and price freeze, imposed after a devaluation of the escudo last June, ended yesterday with predictions that prices would climb steeply.

The popular Lisbon daily Correio da Manha forecast a summer of labour unrest now that shops can pass on to consumers the higher cost of imports. Yesterday's edition carried a banner headline saying "Prices begin to heat up."

The inflation rate is running at 25 per cent a year against

a government target of 17 per cent, according to latest official figures. The target figure is the ceiling for wage increases in Portugal's vast public sector.

The effect of the devaluation on prices is expected to be particularly strong because Portugal pays for most of its imports, particularly food, in dollars, the currency against which the escudo is weakest.

The escudo was devalued by nearly 11 per cent against the dollar last June 16, but in the past six weeks it has depreciated a further two percentage

points against the U.S. currency.

The new round of price increases expected to follow the end of the freeze is likely to weaken the hand of the right-wing government at a time when it faces delicate negotiations with organised labour.

The Government is working on a labour law which Cabinet officials say will introduce a system of temporary lay-offs.

Employers have been clamouring for restrictions on the right to strike, and some

multi-nationals planning to invest in Portugal have demanded a guarantee they would be free to lay off workers.

The unions do not appear in the mood for a deal.

This weekend, the Communist-controlled Intersindical, Portugal's largest labour confederation, called for the resignation of Sr Francisco Pinto Balsemão, the Prime Minister, after the Government unveiled a plan to get rid of loss-making public sector companies. Reuter

Sharp rise in Cyprus tourist arrivals

By Our Nicosia Correspondent

TOURIST arrivals in Cyprus during the first six months of this year have shown a 24.7 per cent increase over the same period of last year, but hotel owners say occupancy levels are not satisfactory.

Hotellers say that they were able to accommodate thousands of Lebanese who have fled from Beirut.

According to figures from the Cyprus Tourism Organisation (CTO), first-half arrivals totalled nearly 214,000 against 171,400 in the first six months of 1981.

Visitors from the UK totalled 52,585 (up by 8 per cent) while those from Sweden were nearly 43,000—a sharp rise of 49 per cent.

This confirms Sweden as the second most important tourist market for the island after Britain. West Germany was third, while Lebanon and Greece followed.

The CTO said that the development of two new markets—Norway and Denmark—has been of considerable importance.

Hotellers say that the biggest increases in arrivals were from countries where charter flights are operated regularly. They repeated their longstanding call that similar flights be allowed to be operated from Britain. Cyprus Airways strongly objects to the proposal.

Reagan encouraged by Polish developments

BY ANATOLE KALETSKY IN WASHINGTON

President Ronald Reagan declared yesterday he was "somewhat encouraged" by developments in Poland, but he made no suggestion that sanctions other than the grain embargo against the Soviet Union, including the pipeline equipment ban, would be lifted in the immediate future.

"We will continue to watch developments in Poland in the hope that life will improve for the Poles," he said. At that point, Mr Reagan seemed to imply, sanctions against the Soviet Union could be removed and the U.S. would negotiate a new long-term grain agreement providing for even higher levels of grain exports to the Soviet Union.

Mr Reagan said that lifting the Carter Administration's grain embargo was the election commitment he was "most

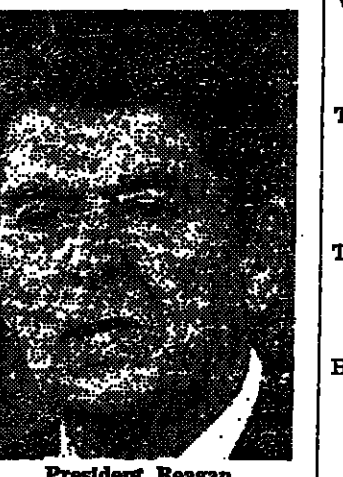
proud to have kept." Speaking to the National Corn Growers' Convention in Iowa, he predicted that the U.S. would sell a record volume of grain to the Soviet Union this year, ignoring protests from Europe about his decision to extend the U.S.-Soviet grain agreement.

The Agriculture Department, Mr Reagan said, was also consulting with the Russians on additional grain sales beyond

the minima provided in the old grain agreement.

Any extensions of that would have "the sanctity of a contract," would "ensure U.S. farmers access to the Soviet market" and would "restore confidence in the U.S. reliability as a supplier," he said, ironically echoing complaints made by U.S. and European industrialists about his Administration's embargoes on sales of equipment to the Soviet Union.

The President offered further encouragement to hard-pressed U.S. farmers by saying that he would seek strong measures to open up other agricultural markets to U.S. exports and would challenge unfair subsidies and anti-competitive trading practices in Europe and Japan.



President Reagan "vigorously challenging" export subsidies by foreign governments.

Soviet Union hides hand and bluffs hard over U.S. pipeline embargo

BY ANTHONY ROBINSON IN MOSCOW

BLUFF HARD and play your cards close to your chest. That is the secret of poker, and these are the tactics currently being employed by the Soviet Union as it faces up to President Ronald Reagan's decision to hinder the Siberia-Western Europe pipeline by extending export embargoes to the West European and Japanese licensees of U.S. gas pumping and ancillary equipment.

Not for the first time, a U.S. president is finding the game hard to play with so many interested partners standing

behind his shoulder looking at the cards and criticising every move. He is also playing a game in which many of the trump cards are in Soviet hands—including the natural interdependence between an industrially sophisticated and energy-deficient Western Europe and an industrially inefficient and energy-rich Soviet Union.

When the Soviet Union first started thinking about the Siberian pipeline in the mid-1970s the idea was to use it as the vehicle for opening up the vast natural gas deposits dis-

covered halfway up the Yamal peninsula, well beyond the Arctic circle. The technical difficulties of opening up this vast reservoir were so daunting, however, that initial development of the field has been postponed to the next five-year plan period. One of the long-term effects of the U.S. embargo and subsequent Soviet decision to rely as much as possible on its own resources may be the further delay of development in the Yamal.

Given the site of the Urengoi gas deposits over 600 miles further south, however, delay in exploiting the Yamal deposits is unlikely to damage long-term Soviet energy prospects. Indeed, by concentrating resources on Urengoi, the Soviet Union may well find short-term benefits in not having to develop a wholly new field.

As it is, the proven gas deposits at Urengoi are stated by Soviet sources to be greater than all the reserves of Mexico, Algeria, Canada, Britain and the Netherlands combined. Little wonder, then that Urengoi was eventually chosen as the source not only for the 2,770-mile gas pipeline to Uzhgorod on the Czech-Soviet frontier, and thence to West European customers, but also for five other major pipelines of a total length in excess of 12,500 miles—the construction of which is planned for the current five-year plan.

Every Soviet five-year plan has its top prestige project. Since the mid-1960s these have been construction of the Togliatti passenger car complex, the Kamaz diesel truck complex, the Baikal-Amur (BAM) Siberian railroad and the Atom-smash nuclear power plant construction complex. But the highlight of the current five-year

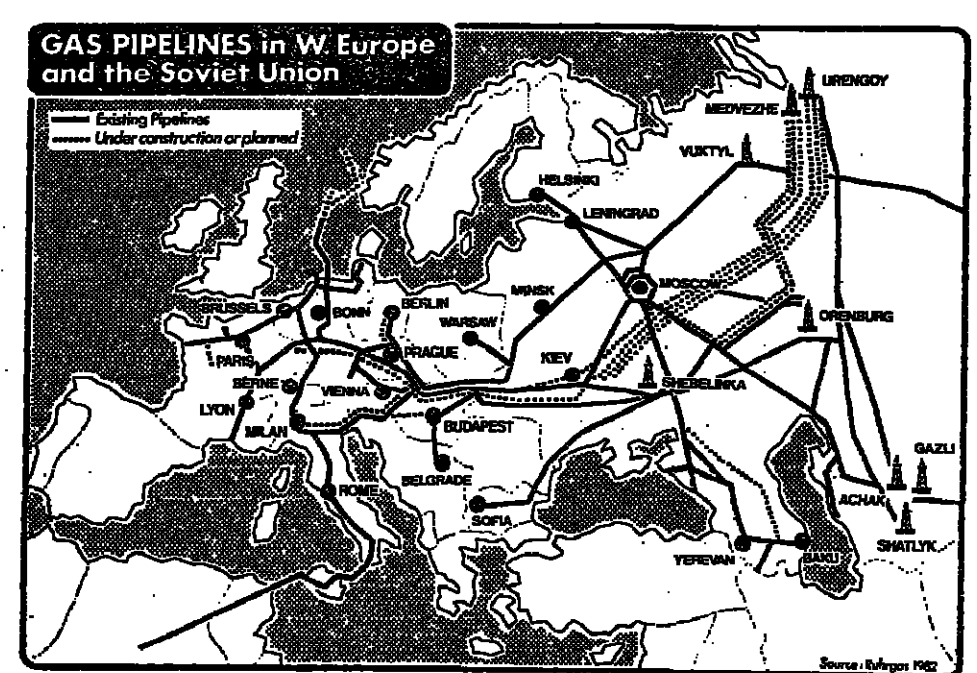
plan is the completion of the six gas pipelines whose estimated cost of 25bn roubles (£19.8bn) exceeds the total investment in all the above-mentioned projects over the preceding three five-year plans.

Whatever the shortcomings of the Soviet economy as a whole, there is little doubt of the Soviet ability to concentrate resources on high priority projects. So this time, too, the gas pipeline project will be fulfilled, if not completely, at least sufficiently to guarantee supplies to priority consumers in Western and Eastern Europe.

Gas already plays a vital role in the Soviet economy and its importance is destined to grow as oil output declines and gas becomes the main energy export to Eastern Europe and the West. Even now gas is used to smelt 90 per cent of Soviet iron and steel, provides the energy and feedstock for 90 per cent of Soviet fertiliser production and over 60 per cent of cement. It is used in a growing number of other industrial plants as well as being piped to over 200m domestic consumers.

The existing Soviet gas pipeline network stretches an astonishing 124,200 miles. The bulk of these pipelines were built with Soviet pipes and Soviet pumping equipment, principally the standard 10Mw compressor units and smaller, aero-engine derivatives.

It is against this background of solid achievement that the Soviet Union reacted with a highly publicised and orchestrated display of defiance and defiance to President Reagan's latest demarche. Soviet Press and television were concerned with reports of "spontaneous" worker protest meetings at plants throughout the country and pledges to raise product-



Separating reality from propaganda is at present virtually impossible, not least because so far attempts by Western respondents and Western contractors to visit the Urengoi gas deposits themselves have been met by silence or the famous Soviet response: *nelzya* (impossible). Under the circumstances, assessment of Soviet engineering ability can come only from Western contractors and from more general Soviet accounts. The view of Western contractors here is that the existing Soviet 10 MW compressor units are fairly rugged, very heavy, difficult to transport (because they do not enjoy the modular construction of more powerful

Western compressor units) and much less reliable than imported Western plant. The average interval before overhauls of the 10 MW units is believed to be around 800 hours—compared with the 35-50,000 hours between major overhauls of the rolls-Royce Avon aero-engine derived turbines and compressors sold by the Cobberrow consortium of Rolls-Royce and Cooper Industries in use on the existing Chelyabinsk pipeline. The heavy-duty GEC-type units imported for use on the Urengoi-Western Europe pipeline, which supplies the bulk of existing Soviet gas contracts to the West, enjoy an average 24-25,000 hours before major overhaul. The fundamental reason why

the Soviet Union has imported Western plant in the past, and wants to again, is precisely because of greater reliability, ease of transport, economy in use and, just as important, the excellence of servicing and repair back-up. On average, Western contractors estimate that the "out-time" for major overhauls—meaning disassembly on site and replacement of major components—is around two to three weeks. The much more frequent out-time on the smaller, less powerful and less sophisticated Soviet machines is believed to be up to three times longer.

These are all powerful arguments which help to explain the Soviet interest in Western plant, especially for those projects involving export to the West, where keeping delivery schedules is not only a question of national pride, but also a question of hard currency. The very public threats of some West European contractors and governments to do battle with President Reagan over sanctions has clearly strengthened the Soviet hand. Soviet officials take comfort from the appointment of Mr George Shultz as the new U.S. Secretary of State, negotiator of the first U.S.-Soviet trade agreement in the Nixon era and a man aware of the wider implications of trade embargoes. The combination of a strong hand and a good basis for bluff put the Soviet Union in a good position in the current round. But in an extended game the Soviet position may be weaker.

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هكنا من الكحل

Michael Thompson-Noel assesses effects of world recession on a country buoyed by huge mineral resources

Privileged Australia unprepared for chill economic winds

TO THE outside world, the Australian economy is enviably well-placed—anchored, as it is, by enormous natural wealth. But to Australians themselves, the whiff of recession that has temporarily touched their land has taken on the threat of an asphyxiating cloud.

To outsiders—be they emissaries from U.S. banks, buyers from Japan or missionaries from Europe come to teach the heathen—the most striking feature of the Australian economy is its fundamental wealth. Last year, Australia's minerals output achieved yet another record ex-mine value, estimated in Canberra to have been about A\$7.7bn (£4.32bn).

In the longer term, it is estimated that its minerals resources will produce cumulative benefits to the Australian balance of payments, between now and the end of the century, of more than A\$100bn in 1980 prices—on top of which the economy is reasonably well-diversified and the population relatively small.

The world recession has, however, temporarily caught up with Australia, producing strains in the economy and corporate discontent. The country is currently experiencing record interest rates, an unemployment rate of almost 7 per cent, rising real wages, a slump in company profits, an inflation rate of 10.4 per cent, a fall in international competitiveness and a deteriorating balance of trade. And, last week for the first time the Australian dollar was worth less than its U.S. counterpart.

By international standards, the ills in the economy are not profound, nor the remedies hopelessly out of reach. Yet in the "boom to bust" vocabulary

of Australian political debate, it is the ultra short-term that dominates—which is why the Liberal government of Mr Malcolm Fraser, the Prime Minister has taken such a mauling recently.

For all his considerable political skills, Mr Fraser has yet to articulate, to the satisfaction of ordinary Australians, the notion of fat and lean years. Nor has the Government yet addressed itself successfully to the real bugbears in the economy: protectionism and wage determination.

Part of the trouble, from the Government's point of view, has been the compression of bad news into a relatively short time-scale. In the federal budget last August, the growth in real gross non-farm product was forecast to slow to 3 to 3.5 per cent, though tight monetary policy and a reduction in the budget deficit were expected to encourage the inflow of enough foreign capital to offset a large current account deficit.

Things have not worked out so well. In the March 1982 quarter, non-farm gross domestic product fell by 0.3 per cent which, together with a revised fall of 0.7 per cent in the December quarter, points to an estimated growth rate for 1981-1982 of around 1.8 per cent.

In the view of Mr John Howard, the Federal Treasurer, the latest growth figures were "disappointing but not entirely unexpected." He pointed to the protracted recession in world trade, the most damaging aspect of which, from Australia's point of view, has been the sharp and continuing fall in commodity prices.

Crucially, he stressed that there were home-grown factors too: the marked erosion of busi-



Malcolm Fraser... yet to articulate the notion of fat and lean years

ness profits and a rising surge of imports testifying that domestic wage costs had outstripped what the economy could afford.

On most counts, figures for the June quarter will show a further downturn in production, resulting in three consecutive quarters of negative growth, something not seen in Australia for 20 years.

Although growth in 1980-81 had been relatively strong, there has been a significant turnaround in the balance of trade. For 1981-82 as a whole, the deficit on current account was A\$9.1bn (£5.39bn), well above the budget estimate of A\$6.75bn, and equivalent to about 6 per cent of gross national product. Figures announced recently showed that Australia's trade deficit had



John Howard... latest growth figures are "disappointing but not unexpected"

soared to A\$3.4bn in the year to June 31, 1982. Imports had surged by 17 per cent, to A\$22.5bn, but exports had stayed sluggish, rising by only 1 per cent, to A\$19.1bn.

Admittedly, the bigger deficit has been covered by a larger-than-expected capital inflow, which in 1981-82 totalled A\$10.5bn, much of it lured in by high domestic interest rates. On the other hand, this inflow of funds—much of it "hot money"—is admitted by the Government to have caused problems for money supply, and for the control of inflation.

The scale of foreign investment inflows into Australia was seen in figures issued recently by the Bureau of Statistics in Canberra. They showed that the net inflow, excluding undistributed income, in the March 1982 quarter was A\$1.97bn, against A\$1.53bn in the December 1981 quarter. The total was made up of A\$540m in direct investment, and A\$1.43bn in portfolio investment and institutional loans.

By country, the major sources of investment funds were the U.S. (A\$700m) and UK (A\$337m). By industry, foreign investment in manufacturing industry in the March 1982 quarter totalled A\$602m, against A\$665m for the whole-sale and retail trades, and A\$320m for mining.

So long as part of the inflow is boosting productive investment, it should enhance longer-term export and growth prospects. But the current account deficit for 1982-83 is likely to remain high, and dependence on capital inflow is stifling initiative on domestic policy. Moreover, until the balance of trade improves, Australian interest rates are likely to remain high

relative to rates overseas.

In the view of Mr Ralph Willis, the Labour Opposition spokesman on economic affairs: "The excessive reliance on a domestic credit squeeze and historically high interest rates is stopping any Australian economic growth. The massive private capital inflow which these conditions have attracted could just as easily drain out of the country, causing a balance of payments crisis. A different mix of policies would have been possible, including more active use of the exchange rate and greater public sector borrowing overseas."

For a country on which the sun almost always seems to shine, some of the short- and medium-term pointers are relatively discouraging. For example, it is generally expected that inflation will remain high by world standards, that unemployment will grow (reaching 8 per cent in 1983-84), and that in 1982-83 there will be significant reductions in private gross fixed capital expenditure.

Real consumer expenditure should rise, however, and non-farm products could expand by 2 per cent in 1982-83.

In a report earlier this year, the OECD said that the country's current macro-economic stance seemed the only possible way to try to contain inflation in the short term. To achieve sustained non-inflationary growth, as well as cope with adjustments in the economy based on strong expansion of the resource sector, changes would be needed on the two key fronts: protectionism and wage determination.

The signs are not promising. Among OECD economies, Fortres, Australia is one of the most highly protected and comparatively less efficient manufacturing sectors. Although the Government occasionally makes the right sort of noises, it is opposed by, and usually succumbs to, industry's lobbying. Only recently seven major industry organisations warned Canberra that any move towards cutting import protection would immediately cause higher unemployment and help lower GDP.

The lobbying worked, for recently the Government announced a major new aid package for manufacturing industry, including accelerated depreciation allowances. It also brushed aside calls for tariff reductions and lower levels of industrial protection. This

Japanese reflation plan to be drafted

By Charles Smith in Tokyo

THE DIRECTOR-GENERAL of Japan's Economic Planning Agency, Mr Toshio Komoto, has instructed officials in his agency to start drafting a comprehensive economic reflation package.

Agency officials stress, however, that the instruction lacks the support of the Ministry of Finance, which would have to provide the necessary funds. They also point out that a majority of the four key organisations which represent the Japanese business world remain opposed to any attempt at reflation.

The reflation package would be intended to provide for additional public works spending during the final months of the 1982 fiscal year and will contain tax or interest rate measures aimed at stimulating investment by small companies.

The package could cost between ¥2,000bn (£4.5bn) and ¥3,000bn, the bulk of which would probably have to be financed by additional issues of government construction bonds. The Finance Ministry, which is preoccupied with reducing the size of the budget deficit, remains strongly opposed to issuing any new bonds.

Mr Komoto's instruction to his officials to start work on drafting a package represents the latest round in an economic policy battle which started early this year after the economy suddenly lost momentum. The FAP believes that Japan needs an economic growth rate of around 4 per cent in order to keep unemployment from rising rapidly and that in order to achieve this Keynesian methods should be used to stimulate demand.

The agency's critics elsewhere in the Government, and the private sector are arguing that Japan should resign itself to a much slower growth rate of perhaps 3 per cent.

The strongest opponent of reflationary policies in the private sector is the Federation of Economic Organisations (Keidanren), an organisation which represents big Japanese companies and which, until about four years ago, was committed to Keynesianism. Keidanren officials argue today that a 3 per cent real growth rate is the most that Japan can reasonably expect given conditions elsewhere in the industrial world. They believe that the Government's fiscal policies should be tailored to this.

Kenyan army contains rebellion

BY MICHAEL HOLMAN

SPORADIC CLASHES between troops loyal to President Daniel arap Moi and rebels responsible for Sunday's abortive coup were reported yesterday, but the Government appeared in control.

According to a Government communiqué, the President chaired a cabinet meeting in the morning. The six-line statement said that ministers were "satisfied with the action taken by armed forces to contain the rebellion" and "pledged loyalty" to Mr Moi.

Fighting was said to have

taken place early yesterday morning at Nanyuki air force base 100 miles north of Nairobi, but Government forces soon established control. The coup appears to have been led by middle-ranking air force officers based at Nanyuki and at Embakasi, 15 miles south of Nairobi.

Shooting also broke out around the Hilton Hotel in central Nairobi, and a tourist filming the fighting from his room window is said to have been killed.

Nairobi itself was patrolled

by army units and a dusk-to-dawn curfew continues. Occasional shooting was heard. Kenyatta international airport remained closed to traffic last night. The city's university has been shut and students sent home.

The rebels had been ordered to surrender by noon yesterday, and a Government broadcast warned that those who failed to do so would be dealt with "ruthlessly."

Diplomats said that between 300 and 400 rebels had been killed or captured.

Mugabe and Nkomo agree action at meeting

BY OUR HARARE CORRESPONDENT

MR JOSHUA NKOMO, leader of the minority Zanu party in Zimbabwe, yesterday held a two-hour meeting with Prime Minister Robert Mugabe at which the two men agreed on joint action to deal with what Mr Nkomo called "a very serious and dangerous situation." The meeting was requested by Mr Nkomo, who said afterwards: "We agreed on a course of action which will be made known as we go along." He declined to give further details.

The meeting followed the kidnapping 11 days ago of six tourists from Britain, Australia and the U.S. by dissidents signing themselves "Zipra Forces," demanding political concessions for Mr Nkomo's party.

Mr Nkomo has publicly disowned the abduction affair and called on "these misguided young men" to release their prisoners. To date, security forces have failed to find the gang.

The Nkomo-Mugabe meeting was their first since the collapse of the coalition Zanu-Pf/Zapu cabinet in February this year, when Mr Nkomo was

sacked from the Government because of secret arms caches found on Zapu-owned property in western Zimbabwe.

Mr Mugabe also held a meeting with Chief Justice John Fieldsend to discuss the confrontation between the executive and the courts following last week's refusal by the Government to release the York brothers, whose detention order has been ruled unlawful by both the High Court and the Supreme Court here.

In a separate development,

officials said three corpses found in the Inyanga district of Zimbabwe's Eastern Highlands had been identified as those of three missing British tourists.

The dead were 31-year-old Richard Franker and his 24-year-old sister Nicola, and 23-year-old Miss Alison Jones. There was no indication of how the visitors died.

The tourists, all from the London area, had been missing since July 14. Identifications were based on the victims' clothing.

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AMERICAN NEWS

Grumman wins \$8bn U.S. navy fighter contract

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

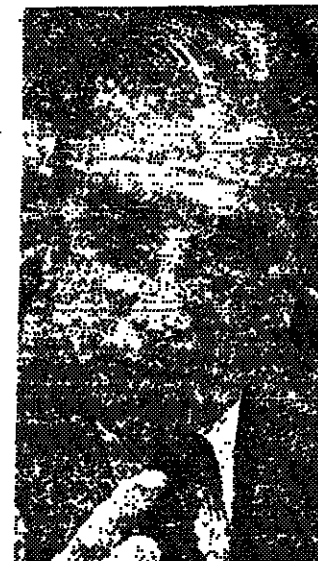
THE PENTAGON has chosen the Grumman F-14 Tomcat as the U.S. Navy's leading fighter for the years ahead but has left open the choice of an attack bomber, Washington officials said yesterday.

Canadian banks cleared by inquiry

By Robert Gibbons in Montreal

CANADA'S House of Commons Finance Committee has absolved the big Canadian chartered banks from charges of "excessive profits" in the year ending October 31, 1981, but criticised four of the largest banks for the size of their individual loans to corporations.

Mary Helen Spooner in Santiago reports on the deepening economic crisis Chilean régime criticises private sector



Gen Pinochet... financial elite are "an oligarchic pressure group"

THE CHILEAN military régime's once excellent relations with the country's private sector have taken a turn for the worse as the Government headed by General Augusto Pinochet faces its worst economic crisis since coming to power in 1973.

CHILE is considering supporting Argentina in a forthcoming UN debate on the future of the Falkland Islands, Mary Helen Spooner reports from Santiago.

hit Chilean banks hard, with unpaid past due debts worth an estimated \$1.5bn (£332m). These collapses can be explained in part by the world recession, but some of the blame must go to the practices of financial liberalisation so prevalent among banks and affiliate businesses in the past.

Mexico cuts subsidies on food, electricity and petrol

BY RONALD BUCHANAN IN MEXICO CITY

THE MEXICAN Government has sharply reduced subsidies on a range of basic consumer items. As a result, the price of tortillas and bread has been doubled, petrol prices will rise by two-thirds, and domestic electricity tariffs by 30 per cent.

Following the economy Ministry's unexpected announcement of a peso devaluation in June from 39 to 46 pesos to the dollar - Chile's consumer price index has begun to creep up from the negative or near-zero figures registered in previous months.

Splits in Argentine army threaten Bignone

BY JIMMY BURNS IN BUENOS AIRES

DIVISIONS within the Argentine military have deepened in recent days and threaten to destabilise the one-month-old presidency of General Reynaldo Bignone.

Gen Garcia is the first high-ranking Argentine officer directly involved with the Falklands war to have voluntarily resigned his post. His resignation is reported to have been in response to growing pressure on the military leadership from middle and junior-ranking officers.

Argentina's defeat. "No one should forget," Gen Menendez told the mass circulation Siete Dias, "that I was just one part of the overall command in the war and that this has its political and military implications."

U.S. to toughen laws on lead content of petrol

WASHINGTON - The Environmental Protection Agency says it will tighten restrictions on the amount of lead that can be contained in petrol.

Decline in Polish imports from West slows

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

THE DECLINE in Poland's imports from the West, which has brought some sectors of industry to a near standstill, slowed in the second quarter of this year. But imports were still a staggering 38.3 per cent down in the first six months of 1982 compared with the first half of last year, according to figures published by Polityka, the Warsaw newspaper.

Thai fears grow over natural gas reserves

By Jonathan Sharp in Bangkok THAI officials are worried that Thailand's much-wanted deposits of natural gas, on which the Government is relying for ambitious industrial projects, may not be as plentiful as at first believed.

David Marsh in Paris witnesses the Sierra industrial theatre Ford's road-show set for profits

THE SPACE shuttle Columbia swoops in to land on the California plain, the crackle of Mission Control in the pilot's ears.



Mr Mark Frankenburg, MMA's director in charge of production, is an ex-theatrical hand himself. He joined the company four years ago after a career in production management in provincial repertory theatre—and says he would not now return to the conventional stage.

EEC reaches textile accords

BY LARRY KLINGER IN BRUSSELS

NEW TEXTILE agreements have been provisionally concluded between the European Community and 14 supplying nations covering more than 50 per cent of total low-cost imports into the EEC, the European Commission said.

Jakarta completes barter deal

THE INDONESIAN Government has just completed one of its first countertrade agreements under terms of its recent economic reforms calling for greater use of such practices in the country's international trading activities.

French car-makers raise exports by 3%

BY OUR PARS STAFF FRENCH CAR manufacturers, while losing an increasing share of their home market, managed to raise their exports by 3 per cent during the first six months of the year, compared with the first half of 1981.

market rose from 25.6 to 26.6 per cent. The association describes the six months as "the period of missed opportunities," following strong hopes of an upturn at the end of last year.

China in foreign computer sale

China has made its first foreign sale of a locally developed micro-computer that costs three-fourths the price of similar foreign equipment, the Peking Daily said yesterday, AP reports from Peking.

West German group wins Sarawak contract

UDHE, THE process plant subsidiary of the West German Hoechst concern, has won an important order to supply technology for a fertiliser plant in Malaysia.

Steel will coordinate the project and the supply of equipment

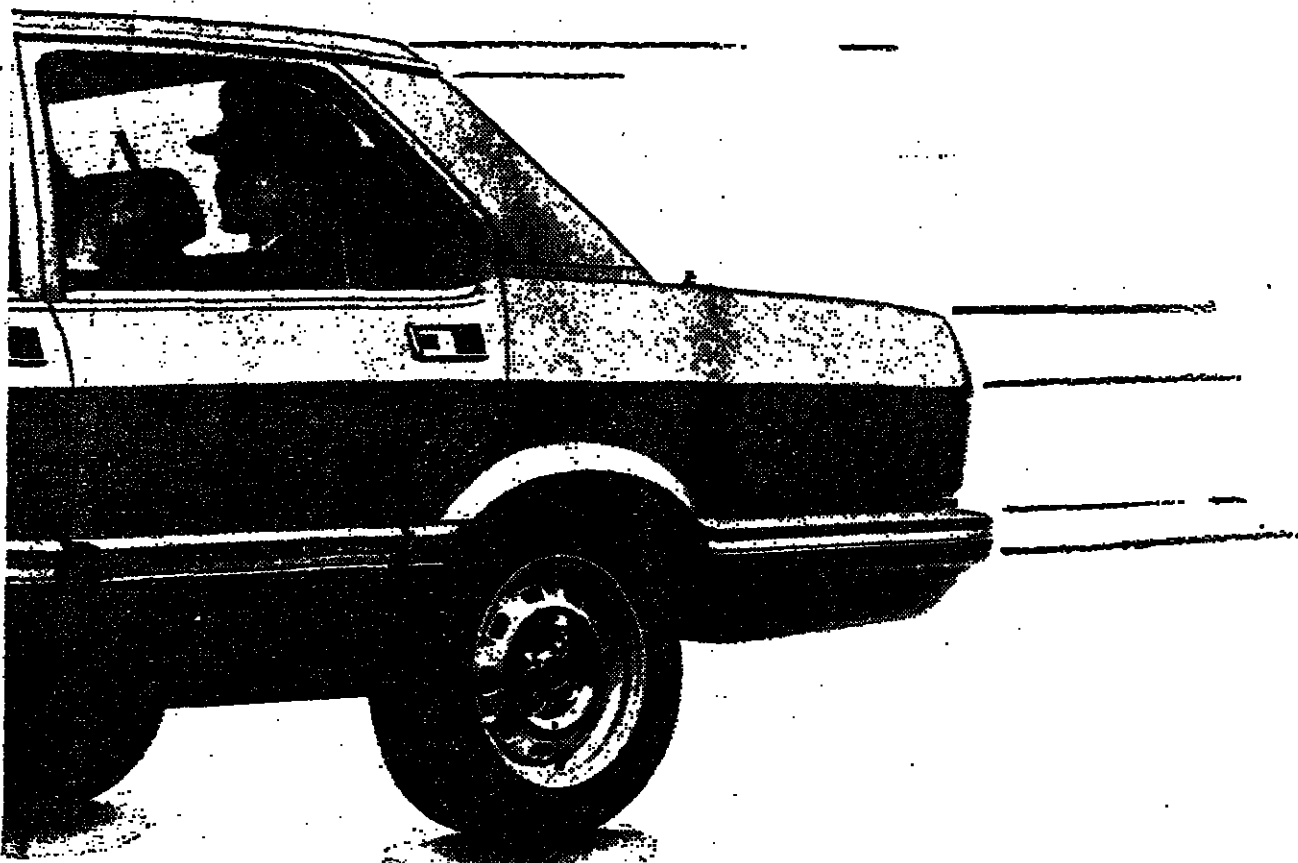
Steel will coordinate the project and the supply of equipment. Building and civil works have been subcontracted to Hyundai, the South Korean basic construction concern.

July 1982

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UK NEWS

Car rental fleets hit by second-hand values drop

BY ARTHUR SANDLES

A £250 DROP in the trade value of a year-old Ford Cortina in the past month may have knocked £3.5m off the value of Britain's car rental fleet. The fall is likely to increase the UK's relatively low rental rates. Depreciation accounts for 50 per cent of car rental costs so the dramatic fall in secondhand values recently has hit rental company finances severely.

Mr Freddie Aldous, chairman of Swan National, said yesterday that the eventual impact could be a 30 per cent rise in rental rates in Britain. "We are suffering a rate of depreciation worse than anything we have ever experienced."

In terms of rental rates as a proportion of new car prices, Britain is one of the cheapest car rental countries in Europe. According to Mr Aldous, however, the effect of the price

changes is dramatic. "At Swan National we have had to provide an extra 40 per cent for depreciation increase alone."

The fall in used car values has been remarkable. Last year a small car (group A in rental terms) such as a Metro or Fiesta might have lost £240 in the eight months a rental company owned it. Today the figure is £730.

The change in price of the Cortina, of which there are 10,000 in the UK rental car fleet, is even more spectacular. Taking the UK used car bible, Glass's Guide, as an indication, a Cortina 1600L would have depreciated by 2474 between January and August last year. The equivalent figure this year is £1,183—or nearly £123 a month.

The Cortina is, of course, a special case. It is about to be replaced by the Sierra and dis-

continued cars always lose their value quickly. The fall has, however, been much greater than expected. Indeed, according to Mr Aldous, the present level of resale value is "senseless."

Industry sources say the depreciation blow has come when things otherwise have been going well.

"Daily rental companies have never been in better shape," says Mr Aldous. Business users, themselves hit by falling values and high interest rates, have been disposing of company cars and swinging to rental and leasing.

Second-hand car sales are a crucial part of car rental profits. But, said Mr Aldous, the £10m total fall in the fleet value of the UK's 100,000 cars last month "is about double what it ought to be."

Nationalised enterprises inferior, says study

By Max Wilkinson, Economics Correspondent

THE PERFORMANCE of a certain nationalised enterprise is substantially inferior to that of their private sector counterparts, according to a study published by the Institute of Fiscal Studies, in the July issue of its journal.

The study, by Mr Richard Pryke, senior lecturer in economics at Liverpool University, compared the performance of nationalised enterprises in three sectors where they were in direct competition with private industry. They were British Rail's Sealink ferries, British Airways and the British Gas and Electricity board show-rooms.

The evidence appeared broadly similar in the three sectors:

- **Sealink**—The market share of cross-Channel ferry services enjoyed by Sealink and the French railways was sharply eroded between 1964 and 1980, during which period European Ferries and its predecessors built up from an average of 84,000 tourist vehicles carried per year to 400,000. In that period the annual total of Sealink and French railways fell from 312,000 to 301,000.

In addition to its loss of market share, Sealink has shown inferior profitability. Sealink UK made a £3m profit in 1980, compared to European Ferries' £14m. Between 1973 and 1980, European Ferries' profit margin averaged 15.4 per cent, compared to Sealink UK's 2.1 per cent according to Mr Pryke.

- **British Airways**—The report says that in comparison with British Caledonian Airways (BCal), BA uses its aircraft less intensively, having achieved an average of 6.8 flying hours per day in 1980, compared with BCal's 8.2 hours. In spite of the disadvantage of operating from Gatwick Airport rather than from Heathrow, BCal achieved a load factor which was comparable with that of BA, although not as high. BCal also produced 15 per cent more capacity for tonnes per kilometre for each employee in 1980, and 8 per cent more tonnes carried per kilometre for each employee, compared with BA. This reflected a considerable excess of staff at BA, Mr Pryke said.
- **Electricity and gas show-rooms**—The turnover per employee in gas showrooms was substantially lower than in the premises of comparable private-sector retailers. In 1978-80 retail turnover per £1 spent on staff was about 15 per cent lower than at Curry's, says the report. Prices in electricity board showrooms have tended to be higher than in competitive outlets and costs higher, it says. Profit margins have been inferior.

Institute of Fiscal Studies, 1/2 Castle Lane, London SW1.

Further oil and gas exploration zones designated in the Channel

BY RAY DAFTER, ENERGY EDITOR

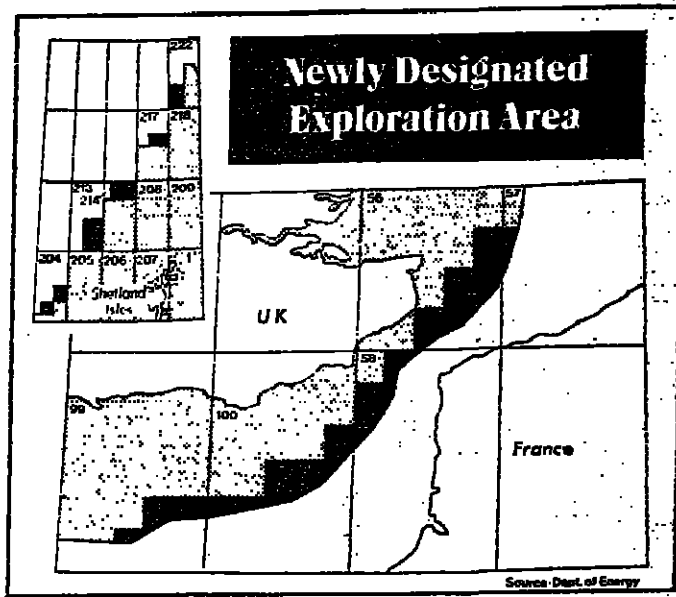
THE Government has designated new oil and gas exploration areas in the eastern reaches of the English Channel.

Oil companies will also be allowed to explore a more extensive area of the North Sea, in the wind-blown region to the north and west of the Shetland Islands.

The Government is designating an additional 5,200 square miles of the Continental Shelf as areas available for exploration and possible development. The new areas, equivalent to more than 30 average-sized licence blocks, mean that 496,630 square miles of the Continental Shelf have been earmarked for oil and gas exploration.

Most of the new territory is in the English Channel, skirting the UK-France median line between the Thames Estuary and a point south of Bognor Regis in West Sussex. Oil companies are known to be wary about drilling in this area—particularly the Straits of Dover—because of the already-congested shipping lanes.

The designation of this part of the Channel follows agreement between the British and French governments over the exact line of boundary between the two countries. It is unlikely that the zones,



Newly Designated Exploration Area

in quadrants 56, 57, 58, 99 and 100, will be included in the eighth round of drilling licences to be offered later this year. Preparation of eighth round licences are almost complete. Oil companies will probably use seismic exploration techniques to assess the oil-bearing potential of that part of the Channel. The 53 companies and consortia holding UK petroleum exploration licences are entitled

Sally Line plans to expand port of Ramsgate

SALLY the Viking Line, the UK operation of the Finnish Sally shipping group, plans to expand facilities at Ramsgate harbour and add more ships to its service.

Mr Michael Kingshott, managing director of the UK company, said that to build a new breakwater would cost an initial £2.5m. Work was expected to start soon. A second phase to extend the breakwater would cost about £1m and land reclamation at Ramsgate would cost up to £7m.

Funds would be raised by Port Sally Management, a separate company, of which Sally and Mr Kingshott will each own half. He said he would probably try to bring other investors into his stake. Sally runs its service from the UK to Dunkirk in France with two ships. It plans to add another next year.

This year, the UK operation would probably show a small loss—last year the loss was about £1m—but Mr Kingshott hoped for a profit in 1983, apart from the port development costs.

Canal pilot lied about collision

A MANCHESTER Ship Canal pilot concocted a story to conceal the truth about a collision in the canal, a judge said in the Admiralty Court.

Mr David Snowden, the pilot had persisted with the false story while he gave evidence to the court on oath, said Mr Justice Sheen. "He realised he had been negligent and sought to blame others for his own mistakes."

The judge said that Mr Snowden had been navigating the Greek-registered Argo Hope, of 1,579 gross tons, in the canal when it collided with the Liverpool coastal tanker Bebbington.

Holding the Argo Hope 85 per cent to blame, the judge said that the collision occurred because of a course alteration it had made. The Bebbington had contributed to the collision by failing to keep well on its side of the canal and give Argo Hope as much water as possible, said the judge.

He gave judgment for Bowker & King, owner of the Bebbington, for 85 per cent of its £85,000 damage claim and for Cia Commercial Transatlantica, owner of the Argo Hope, for 15 per cent of its cross-claim, for about £20,000.

Estate workers laid off on Islay

WORKERS on a Scottish island estate, which has been a holiday home to Conservative prime ministers, have been laid off because of the recession. High interest rates and the state of the economy were blamed for the loss of 17 jobs, about half the total, on the 55,000-acre estate of Lord Macrae of Islay, Lord Margadale, 76, is travelling to the island for his annual two-month holiday during the shooting season. The family also owns a large estate at Fonthill, Wiltshire.

Isle of Man bank wound up

The compulsory winding-up of Savings and Investment Bank Ltd was ordered at a Chancery hearing in Douglas, Isle of Man, yesterday. Mr Michael Jordan and Mr Ronald Robinson were appointed as provisional liquidators and receivers.

Standard Chartered Bank has appointed Mr John Franklin, a director of CHARTERED TRUST, finance company subsidiary from September 1. He is managing director and chief executive of Powell Duffryn.

MAGNET JOINERY SALES, a subsidiary of Magnet and Southern has appointed Mr Eric Whitehead and Mr Peter Connolly to the board.

Mr David E. Thomas has been appointed sales and marketing director and Mr J. Brian Case regional director of THAMES CASE.

Mr Clive Innocent, formerly divisional director, Midlands division, has been appointed general manager and director of BARLOW HANDLING. He replaces Mr F. R. Cresswell, who has retired. Replacing Mr Innocent in the Midlands division is Mr Peter Blackmore, former financial director of the company. Mr A. R. Macmillan has been promoted from general manager to director of the Scottish division.

In the brewing and retailing division of GRAND METROPOLITAN, Mr Philip Jarman, commercial director of Chief and Brewer, will take over full-time control of Huckleberry's. Mr Jon Gillespie, Huckleberry's senior district manager, is appointed director of operations.

Compressor systems for British Gas

BRITISH GAS Corporation has ordered two gas compressor systems, with a total of more than 25m, writes Ray Dafter. The order has been placed with Cooper Rolls, a company owned jointly by Rolls-Royce and Cooper Industries of the U.S.

The equipment is to be installed in a new compressor station near Warrington, Cheshire. Both units are based on Rolls-Royce RB-211 engines. They will be used to increase the amount of gas carried in the corporation's transmission system.

The additional carrying capacity is needed partly to handle the output of British Gas's new Morecambe Field in the Irish Sea. It is expected the compressor station will be operating by 1984.

Coal import curbs 'costing £25m'

BY SUE CAMERON

THE Central Electricity Generating Board is believed to have calculated that it could cut its costs by £25m a year if it were allowed to import foreign coal freely into the UK. The Government has forbidden the CEBG to import more than 0.75m tonnes of coal a year and, as a result, the board now has a 1.8m tonnes stockpile of cheap foreign coal at continental ports.

Government subsidies. The CEBG has a long-term contract to buy just over 2m tonnes of comparatively cheap coal from Australia every year. The board reckons that if it could import this freely it could make substantial cuts in the running costs of its big coal-fired power stations on the Thames.

Only at a small number of Thames-side power stations does the CEBG find it cheaper to use imported stocks than UK coal. But it reckons that at stations easily accessible by water, imported coal works out between 10 per cent and 20 per cent cheaper than supplies from the National Coal Board, brought from pits in north east England.

It appears, however, that restrictions on coal imports are increasing the CEBG's running costs by £25m a year. Unlike the cost of stockpiling coal on the Continent, this extra burden is evidently not being met by

government subsidies. Taxpayers met the £18.8m bill for the coal stocks piling up on the Continent last year. By the end of this year this cost could exceed £35m.

NCB officials are saying privately that the CEBG is over-emphasising the impact that

BTH waits for decision on sale

BY RAY MAUGHAN

SENIOR management at British Transport Hotels is still waiting to hear whether Mr David Howell, the Transport Secretary, is prepared to approve its detailed plans to buy the 23 hotels in the BTH group or whether Ministerial opinion has swung in favour of an offer for sale by tender among the leaders in the UK hotels industry. A decision is expected this week.

Kleinwort Benson is confident that sufficient specialist institutional investors will be found to back the proposed £27m-£30m package although the bank cannot begin to canvass support until the prospectus is ready.

Such a route may be expected to raise more cash for the final recipient, in this case the Treasury, by inviting competing bids from large privately-owned catering and hotel interests. It is probable, however, that BTH would be broken into several parts if the tender method is chosen.

The management buy-out team, advised by City merchant bank Kleinwort Benson, is preparing the final draft of an investment memorandum which, with an accountant's report, will be transformed into a formal prospectus in September. Given continued Government support.

A tender offer was to have been the privatisation vehicle for the Government investment in Amersham International, only to be replaced with no little controversy by a straight offer for sale. A tender is expected to be one of the pri-

mal candidates for the sale of Britoil, which houses the Government's energy assets in the North Sea.

APPOINTMENTS

Process plant chief for Simon Engineering

Mr Tim Leader has been appointed chairman of the process plant contracting group of Simon Engineering. He succeeds Mr Chris Lomberg who was appointed chief executive of Simon Engineering last April. Mr Leader was formerly managing director of Babcock Contractors. In his new position he is in control of some 11 operating companies in the UK, Australia, Canada, the U.S., South Africa and India.

Mr John Bishop has been appointed a director of ELECO HOLDING. He is a partner in the solicitors firm of Masons.

MERCANTILE HOUSE HOLDINGS has appointed Mr C. B. Greaves to the board as development director. He was development director of Gold Fields Industrial. Mr M. J. Pyle has resigned from the board for health reasons. Mr C. J. K. Kelson has been appointed a director of M. W. Marshall and Co, the international money broking division of the Mercantile House Group.

Mr J. Clifford Rescoe has retired from the board of LEEDS PERMANENT BUILDING SOCIETY. He is succeeded by Mr I. Arnold Ziff, chairman of Style, and Town Centre Securities.

Mr Graham Croft-Smith has been appointed a director of ROUSE WOODSTOCK and Mr Croft-Smith has been appointed a director of Rouse Woodstock Metals, both in the Mercantile House Group.

Mr C. H. Campbell has retired from the board of JAMES FINLAY.

Mr Paul Wierks, senior vice-president of Werner Inter-



Mr Tim Leader

secretary and director of R and J. Bryant.

Mr Andrew Centa has been appointed a director of the ST. JAMES TILE CO. with special responsibilities for marketing and sales. He is a grandson of the founder of the company.

Mr James C. Smith has been appointed as chairman of the EASTERN ELECTRICITY BOARD for five years from October 1. Mr Smith has been chairman of the East Midlands Electricity Board since 1977. He is a former chief executive of the Northern Ireland Electricity Service. He succeeds Mr Cyril Wickstead who is retiring from the industry on September 30.

GENERAL ELECTRIC (U.S.) has appointed Mr Terry J. Warren as managing director of DMR, its mechanical and electri-

Volume of imports and exports down

Year	BALANCE OF TRADE			Exports Volume 1975=100	Imports Volume 1975=100
	Exports £m seasonally adjusted	Imports £m seasonally adjusted	Oil balance £m		
1980	47,396	46,211	-1,185	128.0	119.1
1981	12,332	48,087	35,755	119.1	119.1
1981 2nd qtr.	11,121	11,121	0	114.2	114.2
3rd qtr.	n.a.	13,506	n.a.	132.0	132.0
4th qtr.	13,858	12,368	+1,490	125.7	122.7
1982 1st qtr.	13,277	12,921	+356	132.5	130.6
2nd qtr.	13,831	13,748	+83	123.1	118.4
1981 June	4,956	3,998	+858	126.9	126.9
July	n.a.	4,307	n.a.	124.1	124.1
August	n.a.	4,784	n.a.	126.9	126.9
September	4,473	4,415	+58	121.0	121.0
October	4,652	4,250	+402	135.5	135.5
November	4,565	4,792	-227	130.6	128.6
December	4,641	4,326	+315	123.2	120.2
1982 January	4,244	4,369	-125	124.8	124.8
February	4,422	4,234	+188	130.3	130.3
March	4,589	4,318	+271	135.6	135.6
April	4,731	4,535	+196	127.1	127.1
May	4,625	4,740	-115		
June	4,475	4,473	2		

The volume of imports and of exports, excluding oil, both fell markedly in June compared with the average for the previous three months. Exports fell back to about the same level as in the first quarter of the year when export performance was about 53 per cent worse than it was in the last three months of 1981.

The index of non-oil exports has been very erratic recently with a high figure of 131 (1975 = 100) reached in September last year and a low figure of 113.4 in January. The relatively low import index for June reflects a sharp fall in the volume of imports of manufactured goods for the month which was down 10 per cent compared with the previous month.

The index of non-oil imports for June was 146.8 and the comparable figure for non-oil exports was 117.7. The relatively low import index for June reflects a sharp fall in the volume of imports of manufactured goods for the month which was down 10 per cent compared with the previous month.

Caulfield joins BAT food group

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MR DAVID CAULFIELD, 48, yesterday resigned as managing director of Fitch Lovell's Key Markets supermarket chain to join the food group of BAT Stores. He will help to amalgamate the management structures of the International Stores and Mainstop chains. He is expected then to head the new merged food group.

Pressure on food retailing over the past few years, and Mainstop's failure to grow as rapidly as had been planned, has led, however, to the decision to merge the managements of the two companies. Several

executive redundancies are expected. Mr Caulfield was managing director of Key Markets for the past four years. He will join the BAT working group responsible for merging the International and Mainstop management structures. The working group is led by Mr Peter Fitzmaurice - Williams, formerly managing director of Asda superstores chain.

CORFO
CORPORACION DE FOMENTO DE LA PRODUCCION

International Public Tender

Shares of Banco Continental (CONTINENTAL BANK).

The Corporación de Fomento de la Producción, CORFO (Chile's Production Development Corporation) kindly requests investors to submit offers for the purchase of 27,523,954 shares of BANCO CONTINENTAL which represents 55,05% of the share capital of the Bank.

Rules and Background data covering this tender are available to investors, at Moneda 921, suite N° 822, Santiago, Chile, subject to payment of a \$ 5,000 fee (or US\$ dollar equivalent). Proposals should be forwarded in a sealed envelope, in duplicate, to: Vicepresidente Ejecutivo, CORFO, Moneda 921, suite 825, Santiago, Chile, no later than 10.00 AM, September 27, 1982.

All proposals will be opened before interested parties by CORFO'S Secretary General, who will administer this activity. CORFO reserves the right to accept the offer which, in their judgement, it deems to be in their best interest, or to reject all offers without offering explanations.

This tender will be conducted in accordance with the faculties granted by Law Decree N° 1068 of 1975, without being subject to the prescription of Law N° 18045.

**MINISTER EXECUTIVE VICE PRESIDENT
CORFO SANTIAGO, CHILE**

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**MINISTER EXECUTIVE VICE PRESIDENT
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UK NEWS

Airlines to insist on baggage labelling

By Michael Dornis, Aerospace Correspondent. THE WORLD'S major scheduled airlines are to require all passengers from January 1 to put on their baggage some form of external identification...

But the airlines argue that unless a passenger's baggage is clearly labelled, it is sometimes impossible to identify it when it gets misrouted.

By making the labelling of baggage mandatory and check-in the IATA member airlines will insist upon proper labelling—the airlines say the measures will enable faster recovery of misrouted luggage...

LATA says passengers should always put their home or business address on the outside of their luggage, together with their destination.

The improvement in UK air traffic during recent months continued during June, when the seven airports owned by the British Airports Authority handled 4.1m passengers...

At Heathrow, passenger traffic rose by 5 per cent to reach nearly 2.4m and at Gatwick traffic rose by 4.3 per cent to reach 1.2m.

Cargo traffic, however, showed an overall fall of 2.6 per cent, to 48,900 metric tonnes.

For the year as a whole to the end of June, total passenger traffic at the seven airports run by the British Airports Authority (Heathrow, Gatwick, Stansted, Glasgow, Prestwick, Aberdeen and Edinburgh) amounted to over 4.3m, or 2.7 per cent higher than in the previous 12 months.

Manchester Airport experienced an overall 11 per cent rise in traffic during the first half of 1982 compared with the same period of last year.

The major growth area was in the inclusive tour market, which showed a rise of 20 per cent in passengers handled, although even the scheduled services area recorded a rise of 4 per cent.

Stemming the flow of people and jobs from small but thriving communities

North Yorkshire has taken up the struggle for economic survival. Nick Garnett reports

HUNMANBY, a small town south of Ely on the North Yorkshire coast, reflects the peculiar relationship between small businesses and the economic vitality of predominantly rural regions.

A rising age profile in the population and a growing need to find work away from the town began 10 years ago to cause local concern. It was feared that the economic infrastructure of what is a relatively thriving community was under strain.

An estate of small industrial units has been developed at Hunmanby in the past few years, which has helped to stabilise employment and has provided a slice of economic life that would not have otherwise been there.

North Yorkshire is England's largest county, but has a population of only 670,000. Unemployment is a relatively modest 9 per cent.

One-tenth of the workforce is still engaged in agriculture, but with a further 15,000 people in support jobs, it has a healthy spread of service industries—accounting for 60 per cent of employees—and manufacturing.

Yet the separate towns and villages which make up the county are probably more vulnerable to economic fluctuation than many big urban manufacturing areas. Small businesses can have a greater impact on local economies in rural areas than elsewhere.

This is because a new small company can soak up the unemployment problem of a number of villages. Conversely, they worsening shifts in employment can expose these villages. A small rise in unemployment may kill off shops and rural transport services and a pattern of out-migration takes root before anyone can take stock

and the locality effectively dies. That special vulnerability has helped to generate a series of initiatives in the county within the past two years to foster the spread of small companies. This is especially important because North Yorkshire has lost most of its intermediate area development status.

First, the county council two years ago extended and broadened its policy of advice and financial support for small businesses. This was widened further this year with the new small business grant scheme.

Second, the Council for Small Industries in Rural Areas has been consolidating its support for small companies. The council is an arm of the Development Commission and works closely with English Industrial Estates, the Government's building agency.

It has begun a programme to set up 130 small workshops by

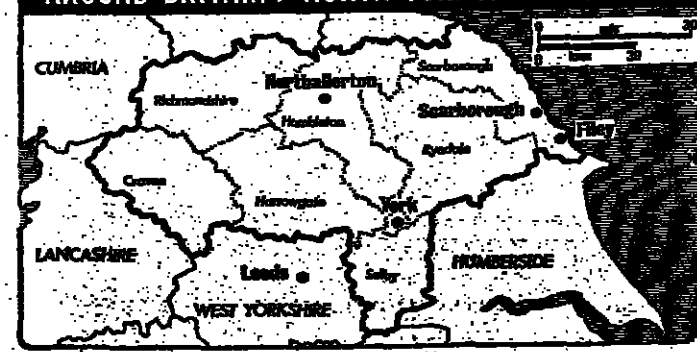
1986, on top of its main work of providing advice, help in obtaining freehold premises and allocating from its small loan fund.

Twenty-five of these units have already been built, ranging from 500 to 8,000 sq ft and stretching from High Bentham on the Lancashire border across to Eastgildow and the east coast. All 25 are occupied. The Development Commission's principal aim is to stem the flow of people leaving rural areas.

Third, a growing number of private companies with some local authority assistance are financing the construction of small factory units as an economic investment.

Farnell Instruments at Boroughbridge is one of the latest to do this. The company planned its development on the basis that it could lease the buildings at an economic rent to some small fledgling electronics com-

AROUND BRITAIN: NORTH YORKSHIRE



York steel—the biggest urban area in the country with 110,000 inhabitants—has a modest unemployment rate of 8.1 per cent. But its employment base is vulnerable to a closure of one or more of its first or second tier employers. And small companies have difficulty with rates, rents and the

planning restrictions of a past medieval part Victorian town with many listed buildings. The association intends to help ease the process of small companies which have still to latch on to the opening of the new coal field at Selby. It also plans to encourage start-ups in the Vale's small towns and villages.

The association sprang from the initiative of local businesses. York City Council and the county council helped set it up, but the association is keen to distance itself from any direct connection with local authority bureaucracies.

Certainly, people running small companies can be daunted by the prospect of going to a local authority for assistance.

There are also many doubts about the interference in business activity. The Yorkshire and Humberside region of the Confederation of British Industry throws on local authority "interference" as a tool of distortion which can encourage uncommercial companies, while encroaching severely the level of rates in some areas.

North Yorkshire County Council, however, claims to have gone a long way towards simplifying procedures. Mr Michael Carr, its Industrial Development officer, says virtually every advanced factory and workshop unit is taken up. That includes a 2,500 sq ft unit in the backwood heavy spot of Askring at the top of the dale.

The council itself has been building up a stock of nursery factory buildings and has gone into partnership with the Development Commission to provide similar units at Richmond and may do the same at Malton.

Companies may borrow over a 15-year period for building, acquisition or alteration from the council's direct aid scheme of £500,000.

The small business grant scheme involves a total of £500,000. Grants of up to £10,000 to £2,000 can be made available for capital investment projects. It also has an advisory service.

North Yorkshire is trying to find its own route to the goal of every area in Britain—securing existing employment and trying to generate jobs where they do not exist.

Four companies back biogenetics

BY DAVID FISLOCK, SCIENCE EDITOR

FOUR big companies with non-conflicting interests in biotechnology are investing £1m in a new research partnership of industry and the academic world.

The four companies are John Brown Engineers and Constructors, Dalgety-Spillers, Gallaher and Whitbread. They are helping to pay for a research laboratory—the Leicester Biocentre, at the University of Leicester. It will be inaugurated next month.

The four have committed £1m to a joint, five-year research programme worked out with the departments of genetics, biochemistry and botany at Leicester University.

The Science and Engineering Research Council is providing a co-operative research grant of £183,000 to equip a suite of laboratories which is expected to start with a staff of eight PhDs.

The Leicester Biocentre will have a representative committee of one representative from each of its sponsors and two from the university under the chairmanship of Mr Norman Curtis, Whitbread's director for research and development.

Prof Barry Holland of the department of genetics will manage the research programme until a full-time research manager is appointed. He said yesterday that the industrial sponsors had agreed on a research programme based on the genetic engineering of yeasts and higher plants, using techniques developed at the university. The results of this research programme will be published.

One strand of the programme would be investigation of the possibilities for genetically modified forms of yeasts in food and drink manufacture, and as industrial hosts for the manufacture of such new products as drugs and enzymes. Another strand would be examination of the mechanism by which yeasts secrete protein, which could lead to easier ways to separate and purify genetically engineered products.

Gilts in investment success

By Eric Short

GILTS HAVE been the best investment for pension funds in 1982, according to the performance survey by The Wyatt Company (UK), leading consultants on employee benefits.

The survey showed that the average rise in fixed interest funds in the six-month period to the end of June was 20.2 per cent, with the leader, Providence Capital Fixed Interest fund having a rise of 26.5 per cent.

Index linked gilt funds had a dull performance and filled the bottom places, the lowest having a rise of only 5.6 per cent.

UK equity pension funds were well below the fixed interest returns but outperformed overseas equity funds.

The top UK equity funds in the six months to end-June this year—Britannia Exempt Trust—showed a 15.3 per cent rise over the period. The average performance of such funds was 6.2 per cent.

The best North American equity fund, Foreign and Colonial North American, recorded a 2.7 per cent increase in value, compared with the average performance of a decline of 3.2 per cent.

The Henderson Pacific Fund was the top in Far Eastern funds with a 5.2 per cent rise. The average for such funds being a loss of 13.7 per cent.

International equity funds fared as badly. The Confederated Life International fund managed a 2.3 per cent rise against an average fall of 6.7 per cent in such funds.

Property funds maintained their usual steady growth with an average rise of 5.3 per cent. The top performer, London Life Property, was only 9.7 per cent up on the period.

New factories in Wales 'fail to counter job losses'

BY ROBIN REEVES, WELSH CORRESPONDENT

INDUSTRIAL TENANTS were found for 67 advance factories in rural Wales in 1981-82—promising about 800 jobs.

However, this failed to counter the loss of manufacturing jobs in mid-Wales, the Development Board for Rural Wales says in its annual report.

The board says that in a year of mixed fortunes GKN's decision to transfer the work of BRD, its engineering subsidiary in Newtown, to the Midlands, was a particularly severe blow. BRD had been the largest single employer in mid-Wales.

GKN agreed not to sell the Newtown factory immediately to allow the board time to find a new tenant. But "no company so far has been willing to take on a 200,000 sq ft factory in the current economic conditions," in spite of a major push to find a tenant.

However, the board was able to assist the Laura Ashley group, which has its headquarters at Carno, mid-Wales, with further expansion. It also helped Smiths Industries to move substantial production from Cricklewood, London, to its facilities at Ystradgynlais in Powys.

A large part of the board's area in rural mid-Wales was stripped this week of its assisted area status. This was part of the cuts in regional development spending first announced by Sir Keith Joseph, then industry secretary, in 1979.

However, the Government agreed recently to give the board a special grant facility of up to £350,000 a year, to compensate for the loss of assisted area status. Details of the grant will be announced in autumn.

Consortium's De Lorean attempt 'still alive'

BY OUR BELFAST CORRESPONDENT

THE RECEIVERS of the De Lorean sports car company will meet Mr John De Lorean in New York on Monday to tell him that an attempt by a UK consortium to buy the concern is still very much alive.

Sir Kenneth Cork and Mr Paul Shewell, the joint receivers, believe the unnamed consortium's proposal is the only deal on the table which holds out hope for restarting production at the Belfast assembly plant.

Mr De Lorean said in a radio interview yesterday that July 31 had been the deadline for the UK consortium's attempt. He had now raised the necessary \$10m in cash and \$35m in export finance and he needed to re-assume control of the assembly operation.

It appears that while July 31 was mentioned in a letter of intent signed by Mr De Lorean and the receivers in June, the receivers do not regard the date as necessarily binding.

Mr Shewell said: "We will be going to see Mr De Lorean next week to inform him about the consortium's progress and to make a decision about where we go from here."

The consortium, believed to involve some of the Belfast company's trade creditors in the UK, has found progress slower than expected because of the difficulties of unravelling the complex relationships between the company and other De Lorean concerns in the U.S.

At the Belfast plant yesterday 214 former employees of the company returned for six weeks to carry out essential maintenance.

At the same time the shop stewards' committee ended their eight-week-old sit-in

CONTRACTS AND TENDERS

THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA

MINISTRY OF HYDRAULICS

HEAD OFFICE FOR HYDRAULIC INFRASTRUCTURES

NATIONAL AND INTERNATIONAL INVITATION TO TENDER

BUILDING OF DAMMOUL DAM

The Ministry of Hydraulics—Head Office for Hydraulic Infrastructures—is putting out a national and international invitation to tender for the construction of the Dammooul Dam on the Oued Ouassal to the east of the town of Tiarret (Wilaya of Tiarret).

The work, which is the subject of the present invitation to tender, includes the following:—

- 1. Excavation work 350 000m³
2. Backfilling 1000 000m³
3. Concrete 8 000m³
4. Injection 15 000ml

Interested companies may obtain the file from the Ministère de l'Hydraulique, Direction Generale des Infrastructures Hydrauliques D.I.M.T.—KOUBA—ALGIERS on payment of 3 000 DA.

Offers drawn up in accordance with the specifications in the file and the regulations in force, in particular memorandum No. 021 dated 4th May 1981 issued by the Ministry of Commerce, must arrive in a sealed double envelope addressed as follows: Ministère de l'Hydraulique—D.G.A.—Bureau des Marchés—KOUBA, ALGIERS.

The closing date for receipt of tenders is 20th October 1982, 17.30 hours. The contractors will be bound by their offers for 120 days.

THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGIERS

MINISTRY OF HYDRAULICS

HEAD OFFICE FOR HYDRAULIC INFRASTRUCTURES

NOTIFICATION OF INTERNATIONAL PRESELECTION

The Ministry of Hydraulics (D.G.H.) is putting out a notification for preselection in order to select the design offices which will issue offers regarding the implementation of the feasibility studies, detailed estimates and the execution of the dams.

The design offices are requested to submit to the Ministère de l'Hydraulique, Direction Generale des Infrastructures Hydrauliques—D.I.M.T. (Immeuble SETHVAL), rue MOHAMED ALLALAT—BP. 86, KOUBA—ALGIERS, all the necessary documentation enabling them to make their assessment.

The documentation should comprise in particular:—
— References from the Design Office;
— Design capacity;
— Capacity to operate in ALGERIA.

Questionnaires will be at the Design Offices' disposal from 15th July 1982 onwards and should be returned together with the preselection files by the 15th September 1982 at the latest.

To the Holders of HITACHI, LTD.

(Kabushiki Kaisha Hitachi Seisakusho) 5 1/4% Convertible Debentures Due 1996

Pursuant to Section 6.02 of the Indenture dated as of April 15, 1981 under which the above-described Debentures are outstanding, notice is hereby given that effective August 2, 1982, the address of The Industrial Bank of Japan Trust Company, Trustee, Paying Agent and Debenture Registrar will be

245 Park Avenue New York, N.Y. 10017 Its telex number will continue to be 438754. HITACHI, LTD. August 2, 1982

Good weather boosts sales of canned drinks

BY MAURICE SAMUELSON

DRASTIC price cutting and good weather have substantially boosted sales of canned drinks in Britain.

An audit by the can making industry says that in April sales of canned soft drinks rose by 40 per cent and those of canned cola by 58 per cent compared with the same month last year.

The increases continued in May, with soft drinks rising 35 per cent and cola cans by 41 per cent.

It seems likely the trend continued during the good weather in June and July, giving both the drinks manufacturers and the packaging suppliers a much needed boost.

This is particularly needed by the can making industry which is suffering from massive over-capacity.

Leading supermarkets are currently selling 33 centilitre cans of Coca Cola for about 13p, almost half the price charged in many "street corner" shops.

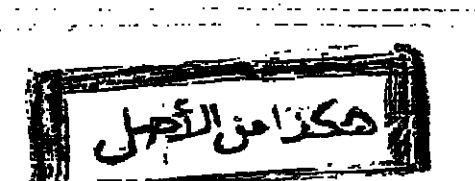
Beverage can manufacturers yesterday claimed that although the packaged beer market fell 2 per cent in March and April, sales of the 16-c beer can rose 10 per cent.

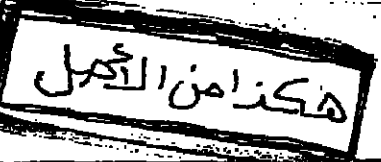


BASE LENDING RATES

Table listing various banks and their lending rates, including A.B.N. Bank, Allied Irish Bank, Bank of Ireland, etc.

Advertisement for CORFO (COPORACION DE FOMENTO DE LA PRODUCCION) International Public Tender for shares of Compania Chilena de Navegacion Interoceanica S.A. Includes details about the tender and contact information for the Ministry Executive Vice-President in Santiago, Chile.





Brian Groom explains the background to the ferry dispute
Union fears 'ruinous' Sealink policy

JUST ONE of those bloody-minded strikes aimed at the traveller at peak holiday times. That was how it appeared to many passengers suffering delays and disruption yesterday, as all British-operated Sealink ferries came to a standstill. They were right, up to a point. Although the National Union of Seamen did not deliberately time the escalation of its long-running Harwich dispute to coincide with holidays, the potential level of disruption influenced its choice of action - a national strike by 3,500 Sealink ratings.

Sealink, but more dramatically and immediately over commercial policies which the NUS believes will lead the company to ruin. Nothing, on the face of it, could hasten that more than a strike which will cost Sealink thousands of pounds a day at its peak revenue period, as it tries to recover from a debilitating two-year Channel price war. Sealink made an after-tax loss of £9.0m last year after a loss of £2.9m in 1980. Earlier this year the company forecast a pre-tax profit of nearly £4m for 1982, but that was widely regarded as optimistic outside the company.

This occurred, it would be a curious victory of sorts for the union, which opposes privatisation and wants a future Labour Government to make Sealink, separated from British Rail, the core of a nationalised ferry sector. The union has proposed the issuing of Government-backed fixed-interest bonds by Sealink to raise capital finance, but is pessimistic. Currently, it says, Sealink is pursuing short-term aims - a massive reduction in gearing and a rapid achievement of the Government-set target of a 5 per cent real rate of return on investment - so single-mindedly that it is jeopardising the long-term aims of building up services, regaining lost markets, and moving to a secure and substantial profit. The NUS believes Sealink will seek more and more cost reductions, and that the seafaring unions will be forced to defend their members' jobs and living standards. Already this year there have been: A strike by officers and ratings on the ferry Sealink at Newhaven, over the company's planned withdrawal from the route to Dieppe. The plan was revoked in return for staff savings. A week-long strike by Sealink's 1,200 ships' officers over the Newhaven dispute and the proposed cuts in services, jobs and pay at Harwich. A dispute at Holyhead over the introduction of a competitive Irish Sea service by Ire-

lands B and I line. The NUS believes more disputes are possible, even if the Harwich problem is solved. Seamen at Weymouth fear they may be next in line for cuts. Sealink's response is simple: it is losing money, and needs to cease doing so. It cannot afford to continue loss-making operations. Losses on the Harwich to Hook of Holland route are estimated at £3m for 1982 and the company said in talks at the weekend that if staff costs of NUS members of £1m in a full year were not achieved, immediate steps would be taken to withdraw completely from the route. The NUS says that the hard line taken by Sealink management is in contrast to the co-operative spirit of earlier years. It cites the promotion of Mr Bill Henderson from personnel director to deputy managing director as an illustration of the importance the company attaches to "sorting out" the unions. Mr Henderson has been a tough negotiator and the NUS claims that the management's stance is an attempt to win the confidence of would-be investors. Sealink certainly needs to find a way out of the successive industrial disruptions of the past seven months if it is to appear an attractive proposition. A decision on introducing private capital is unlikely to be taken before it returns to profit.



Car travellers queue at Dover to cross the continent aboard one of the foreign-crewed ferries which continued to operate yesterday - the first day of the national strike on British Sealink ferries

Unions plan to raise £4m for Labour Party by year's end

TRADE UNIONS working for the return of a Labour Government estimate that they will have nearly £4m in hand by the end of the year in political funds destined for the party. Leaders of the Trade Unions for a Labour Victory campaign, comprising more than 7m trade unionists paying the political levy, have called a meeting on the Saturday before the TUC Congress in September to discuss the state of the party's election campaign and in particular its financial position. On the basis of a confidential survey of the available funds in TULV unions, the group has offered to raise further money to help the party with any forthcoming campaign. The survey shows that TULV unions - excluding the miners who are not TULV members, and other unions such as the Fire Brigade's Union, which will increase the party's income further - expect to have £3,914,850 for the party by the end of the year. The largest component of this will be £1,675,000 from the General and Municipal Workers. The Transport and General will have about £900,000. The survey also shows that TULV unions have already paid a total of £1,354,067 to the party, of which the largest contributions have been: TGWU £281,250 (half-year); GMWU £280,000 (on account); engineering workers £191,250 (half-year); and National Union of Public Employees £135,000 (half-year). At the time of the survey TULV unions overall had £2,790,298 for the party. The largest sums were: the TGWU (£260,000); the GMWU (£250,000); the electronics' union (£291,838); and the shoemakers (£272,049). A separate TULV paper, which is part of the same survey, shows that most unions have ensured that political levy payments kept pace with inflation. Out of 35 TULV unions questioned, the survey shows that 15 of them made arrangements for this, while nine had not. A further 11 unions were unable to supply the relevant information. A further paper gives details of TULV plans for raising more funds to help fight an election. TULV is recommending to its constituent unions a 15p per member donation this autumn, which if met by all the unions, would raise £300,000-£500,000. Next year TULV unions will be asked for a further 20p per member, to make up £1m-£1.1m. A liaison committee will be set up to draw funds from unions not affiliated to the Labour Party and TULV funds will be used to promote a general election appeal.

Tanker row may hit Luton flights

HOLIDAY FLIGHTS from Luton Airport could face widespread disruption and delays by next weekend following a decision by Shell tanker drivers to back a protest strike against oil terminal closures. If the strike continues for more than a few days it is feared pilots will have to make unscheduled landings at continental airports for refuelling. Instructions have already been issued to pilots to take on maximum fuel aboard to conserve stocks at the airport which is supplied solely by Shell. The disruption threat comes in the busiest week of the year for Luton. Daily traffic is running at about 120 departures and arrivals, involving over 13,000 passengers. Heathrow and Gatwick airports should escape any disruption as aviation fuel is supplied by several companies. The Shell dispute centres on attempts by the company to close several terminals as part of rationalisation announced six months ago. Supplies to Luton have been cut after 78 drivers and depot workers at Buncefield, near Hemel Hempstead voted to

back colleagues at Northfleet, Kent, and Silvertown, East London, who are striking against the closure of their terminals. The row has also generated a parallel strike at Shellhaven, Essex, where 68 drivers have been on strike for over a fortnight. The Shellhaven staff are demanding extra London weighting payments for covering areas formerly supplied from Northfleet and Silvertown where drivers received annual London allowances of £165 and £402 respectively.

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Farmworkers seek pay rise of almost 100%

LEADERS OF 250,000 farmworkers in England and Wales are seeking a pay rise amounting to almost 100 per cent. The claim, delivered to the Agricultural Wages Board last week, will be discussed formally on October 8. It includes a minimum basic rate of £130 for a 35-hour week against the current basic of £70.40 for 40 hours. The National Farmers Union, the main employers' body, has already dismissed the demand as unreasonable. "An increase of this size is totally out of the question. It is 100 per cent daft," the NFU said.

TUC asks for views on shorter working

THE TUC is asking its 108 constituent unions to consider by the end of September new proposals aimed at drawing up legislation to reduce working time further. Members unions will be examining a paper drawn up by the TUC economic committee which envisages two strands of working time legislation operating together: Progressively tightened legal limits on working time, either hours, overtime or the basic week, or a combination of these; Linking employment subsidies to shorter working time.

Serious disorders feared

SENIOR UNION leaders believe that the growing problem of the long-term unemployed will lead to increased social tension, serious disorders in areas of high unemployment, and a growth of extremism. A study of the problem has been made by the Manpower Services Commission, details of which were published in the Financial Times yesterday. The union leaders, who have seen the study, point to sections in it which show that the market discriminates against those without work for more than a year and that staff handling the unemployed in Job Centres are to be cut. They say this is proof that Government policies are aggravating an already grave situation. The unions' concern over the study will affect their decision on the Community Programmes Scheme brought in by the Manpower Services Commission last month to extend the Community Enterprise Programme.

PORTUGAL INVESTMENT OPPORTUNITY IN NAVAL SHIPYARDS AND SIMILAR INDUSTRIES. Portuguese State wishes to contact parties interested in the negotiation of temporary leasing cession of the industrial complex named "SETENAVE-ESTALEIROS NAVAIS DE SETUBAL, EP," by means of a contract to be established between the State of Portugal and a company fulfilling the reference terms defined for the purpose. These reference terms will be available to the interested parties at the Portuguese Embassies, at the Delegation of the Institute of Foreign Trade and the Portuguese Banking Branches and Representative Offices abroad and, in Lisbon, at the Secretary of State of Finance and Industry, and in Setubal, at Setenave, P. O. Box 135 - Setubal, Portugal. Telex 13143 - SETENAVE P. Telephone 20100. The interested parties have to submit to "Secretaria de Estado das Financas - Comissao Setenave," in sealed envelopes and not later than September 15, 1982 their letters of intent of bidding for "Setenave" Exploitation, accompanied by the documents deemed relevant for their pre-qualification, including as obligatory, those which give the profile of the company: Articles of Association, Board, Balance Sheets Reports and Operating Accounts covering the last three years, Industrial Equipment of their own, references as to Shipping and Naval Experience and other areas directly connected hereto.

COMPANY NOTICES. NOTICE TO ALL NOTEHOLDERS OF CYDSA, S.A. FLOATING RATE NOTES DUE 1988. NOTICE IS HEREBY GIVEN pursuant to section 1103 of the Indenture dated as of October 23, 1981 of Cydsa, S.A. (the "company") to the Royal Bank and Trust Company, London EC2Y 5LX, and obtain a certificate therefrom applying the par value and the number of the Notes deposited and stating that the Notes covered thereby will remain on deposit for a period of three weeks from the date of the certificate.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRS) IN NISSIN FOOD PRODUCTS CO. LTD. Further to our notice of March 18, 1982 EDR holders are informed that Nissin Food Products Co. Ltd. has converted its Japanese Yen 50.00 per share Common Stock of Yen 50.00 per share into US Dollars at the rate of 100 Yen to the US Dollar. EDR holders may now present Coupon No. 3 for payment to the undermentioned agents.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRS) IN MARUBENI CORPORATION. EDR holders are informed that Marubeni Corporation has paid a dividend to holders of record March 31, 1982. The cash dividend payable is Yen 3.00 per Common Stock of Yen 50.00 per share. Pursuant to Clause 3 of the Deposit Agreement the Depository has determined the amount of dividend payable in US Dollars.

PUBLIC NOTICES. THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c. 3 1/2% Debenture Stock, 1979-84 5 1/2% Debenture Stock, 1986-88. Notice is hereby given that the REGISTERED OFFICE of the CORPORATION is at 48 Palmerston Place, Edinburgh EH12 5BR. 3rd August, 1982.

ART GALLERIES. COLNAGHI, 14, Old Bond Street, W1. SEVEN DIALS GALLERY, Covent Garden, London, W.C.2. WHITECHAPEL ART GALLERY, 51, 377 Whitechapel Road, E1 1BU.

PERSONAL. TO HELP SEAFARERS (including their dependants) who are in financial difficulties, please send a note to General Secretary, R.I. Moore, 10, Avenue Marie Therese, London, W.8.

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THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

A 'shelter' from the burden of R and D

Tim Dickson on a Canadian software company's ingenious scheme

"FOR A while," recalls Tarnie Williams in his soft Canadian drawl, "ours was just about the only game in town."

Although at 6ft 5ins Williams could easily pass for a tough American football quarterback, that "game" in fact is a Government approved tax shelter scheme which has enabled his young but rapidly growing company, Sydney Development Corporation, to raise almost C\$8m for the development of new software programmes.

Sydney is located in Vancouver, British Columbia—the westernmost, and some would say the most remote, province of Canada—but its horizons have become increasingly international in the five years since it was set up.

Besides being quoted on the Vancouver Stock Exchange, Sydney shares are traded on the U.S. over-the-counter market and in the UK under Rule 163(2). Moreover, while North America is naturally seen as the main focus for growth, the company has its eyes firmly trained on Britain as a springboard to attack the potentially lucrative markets of western Europe.

Results for the 12 months to March show the progress already made. Revenues in this period jumped 750 per cent from C\$642,453 to more than C\$4.35m, with net earnings working out at C\$565,601 compared with a total loss of C\$256,654 the previous year.

management from Sydney's point of view is that the company has effectively turned R and D from a cash drain into a profit centre. Sydney is being paid for work which would normally stretch its financial resources.

The scheme is also helping Williams to see his vision of packaged computer software—as opposed to "custom" software which is generally only applicable to one user—turn into reality.

Formerly a project manager for part of Expo'86, the world trade fair, before moving to IBM, he realised at an early stage the considerable rewards of manufacturing a highly priced and sophisticated product which would involve a large number of one-off costs, but which could then be mass-produced for a large market.

Williams' first step when he decided to go it alone was to buy a small non-trading "shell" company quoted on the Vancouver Stock Exchange. He paid C\$33,000 for the company and then used one-third of the equity to pay for services he knew the fledgling company would require.

The Government stumped up three-quarters of the salaries of the first computer programmers and a subsequent private placing of new shares raised C\$180,000 from a group of West Canadian oil and gas men.

Results for the 12 months to March show the progress already made. Revenues in this period jumped 750 per cent from C\$642,453 to more than C\$4.35m, with net earnings working out at C\$565,601 compared with a total loss of C\$256,654 the previous year.

Further C\$1.5m through a combined share and warrant offer in December 1980—subscribed in large part by UK investors—and another C\$1.07m through a one-for-eight rights issue in August last year.

Williams' tax shelter scheme is operated through the Sydney Advanced Technology Limited Partnership. Under government rules investors are allowed to deduct 100 per cent of research expenditure attributable to them from their own tax bill while in addition they receive a further 10 per cent tax credit.

Wealthy Canadians are as obsessed as wealthy people anywhere else about minimising their taxes and the Canadian Government has exploited this in recent years to direct personal savings into chosen sectors of the economy.

The film industry, for example, has been one beneficiary—though while money raised has had the desired effect of diluting imported American culture (seen as the major enemy) it has apparently also given a not-so-timely boost to the Quebec soft porn industry.

A shortage of MURBs (Multiple Unit Residential Buildings) inspired another highly popular scheme—buildings are visible and easily understood by investors—through the tax concessions for this type of shelter were withdrawn at the end of last year. (They were initially withdrawn in November at the time of the Sydney offering, but then extended to the end of the year, prompting Williams to make his remark about being the only game in town.)

The Sydney partnership was made possible by the Canadian Government's decision early in 1981 to open up the tax shelter idea to scientific research and development.

"Most people originally assumed that the rules only applied to hardware," explains Williams, "but reading between the lines it occurred to me that software development would be equally applicable. We got in touch with the Government and they agreed."



On his travels Tarnie Williams uses a hand-held terminal to contact his company's computer in Vancouver

clarify the guidelines for the future.

The Sydney partnership, meanwhile, essentially offers investors a stake in the growth of a balanced portfolio of software applications.

Participants had to purchase a minimum of ten C\$1,000 units on which the 110 per cent write-off is available over a three year period. Thus someone paying tax at 50 per cent is only risking 45 cents for every Canadian dollar subscribed. At the end of the fund's life units can be rolled over into Sydney shares at a price worked out under an agreed formula.

Under the terms of the partnership deal the fund actually pays Sydney to carry out research and development for a number of computer systems identified in the prospectus. The effect of this, as David Andrews, president of the General Partner, which acts on behalf of the partnership as a whole puts it, is to "turn R and D into a money earner rather than a money loser. It also means that the company's resources can be devoted to marketing."

In return the limited partners receive 100 per cent of net revenues from the products until the gross amount of the offering has been repaid. Thereafter the spoils are divided 60/40 between the partnership and Sydney respectively.

Andrews emphasises that investors will start to receive a flow of income from their investments later this year when the first "fund" products are launched. This compares, he says, with a four year lag between the investment in and return from a MURB scheme.

Broadly speaking these products can be divided into systems and microcomputer programmes. One of the systems "products" Conquer 1—which will be launched at an estimated price of C\$200,000—has been designed to provide graphical management information by manipulating large amounts of data stored on corporate data bases. It will be able to communicate with non-technical users in plain English—not the usual jargon.

The first of the microcomputer products off the shelf is a real estate analysis package which has taken C\$400,000 to develop. This is expected to sell at about C\$2,000 per unit (implying a huge margin) and although the North American real estate market is currently very depressed Williams is confident that the launch will be a success.

If he is right, that will open the way for more tax shelter funds to take the company on to the next stage of development.

More than a roof over their heads

"IT'S A BIT like running a very large boarding house. I have to deal with all sorts of problems, ranging from questions about accommodation to complaints about the skin on the custard."

The speaker is Gillian Harwood, manager of Omnibus Workplace—a privately financed small business property management company which currently provides premises for some 65 small firms in the Islington area of North London.

Converting old industrial buildings in run-down areas is increasingly fashionable these days as enterprise agencies and local authorities respond to the shortage of suitable small business units. Straightforward commercial projects like Omnibus, however, are less common.

Harwood and architect Philip Lancashire have poured around £200,000 of their own and friends' money into redesigning and smartening up the 50,000 square foot property, which had lain vacant for three years before they moved in.

Named after the General Omnibus Company of London, which in days gone by used to build elegant horsedrawn vehicles before it was swallowed

up by London Transport in the early 1930s, the site today has regained much of its former bustle.

Business tenants range from a small printer to an active co-operative and a book-binding company; to office equipment distributors and computer software programmers.

"The key to Omnibus, as Harwood sees it, is the flexibility of the internal layout and the common services. In some areas, for instance, the layout is open plan with moveable screens dividing one firm from the next; elsewhere the partitioning is fixed to afford more privacy and on another floor workshop units complete the range of accommodation available.

Shared services include the telephone system, a receptionist, copy typing, reception rooms and kitchen facilities—and some of these, such as the typing and restaurant are small businesses themselves. Tenants pay their rent and a service fee (which incorporates their share of electricity and the rates bill).

Obviously there are risks for the landlord. Some of the tenants are bound to be finan-

cially shaky, though only five or six have failed so far. The recent Islington rate increases, moreover, are not the best advertisement to people coming in from outside the borough.

Harwood says Omnibus is breaking even at the moment but with the capacity to take in another 20 firms she hopes to be making a profit before long.

She readily admits that none of the tenants "is a future Rothery or Morris" though she would like people "with a bit more spark."

"They are all successful in their own way but are not ambitious—to become big businesses. Most of them would actively resent interference or advice on the running of their business."

Omnibus claims that a simple licence enables occupation to be achieved within 24 hours. A licence normally runs for one year but only three months' notice to terminate the agreement is required.

Gillian Harwood, 12 Fitzcroft Street, London WC8E 8JD. Tel: 01-279 7804.

Tim Dickson

In brief...

ALMOST £2.5m has been subscribed to the Second Basidon Fund, which was the sixth fund set up to enable individual investors to take advantage of the Business Start-up Scheme. The closing date was July 9.

The first Basidon Fund—also sponsored by stockbroker Laurence Frost and managed by Triventure—attracted £1.1m and was invested in eight new companies. Mark Two, which is similar in all respects except the charging structure, was marketed to a wider audience than just Frost's clients. Much of the money is understood to have been earmarked already for Blackstone, an accountant, Michael Masfinski, a banker turned MBA student, John Evans, an industrial executive, and George Bloomfield (acting chairman), has been formed to determine the next move.

These involved are well aware that the availability of sufficient financial and human resources will be the key to success.

and vigorous firms which are thought by "experienced observers" to have a very good chance of long term success. A research grant of £30,000 has been awarded by the Social Science Research Council.

The Management Buy Out Association (MBOA) is up and running. At the inaugural meeting of the Association hosted by Midland Bank Venture Capital a good 20-25 participants approved the aims of its founder, George Bloomfield, namely to be a self-help organisation at the disposal of managers trying to transform themselves into owners of their own business.

A four-man steering committee, comprising James Blackstone, an accountant, Michael Masfinski, a banker turned MBA student, John Evans, an industrial executive, and George Bloomfield (acting chairman), has been formed to determine the next move.

These involved are well aware that the availability of sufficient financial and human resources will be the key to success.

Although there has been plenty of interest from accountants and financiers, more "practitioners" would be welcomed.

Contact George Bloomfield at Melville Technologies, Spring Road, Letchworth, Herts. Tel: 04628 3841.

ABOUT A THIRD of the 70 companies which have so far taken up the Science and Engineering Research Council's Collaborative Training Awards (CTA) since the scheme was set up in 1979, have less than 100 employees.

The CTA scheme, which is aimed at small and medium-sized businesses, provides funds for postgraduate students to work on a short-term project of the company's choice typically over 12 to 15 months.

The company has to make a financial contribution (minimum £400) and cover expenses and the cost of materials. Details from Postgraduate Training Support Section, SERC, Polaris House, North Star Avenue, Swindon SN2 1ET. Tel: Swindon (0793) 26222 Ext. 2138.

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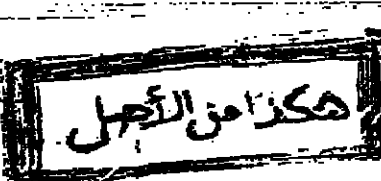
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Elizabeth Blackadder and works

A bouquet for Blackadder

The poor-art critic has a desperately hard time of it, but he must also admit that he is granted, from time to time, the most wonderful compensations...

is not enough, and it remains sadly true that there are active and opposing views and attitudes to be discerned...

able freedom of invention and organisation. It is because she is a woman? Well, these days we must surely hope not...

is perhaps the most impressive, and it is certainly the most consistent and long-sustained, achievement of her career.

William Packer reviews a Royal Academy exhibition by 'simply one of the best painters we have'

I have known Elizabeth Blackadder's work for rather more than the dozen or so years for which I have been writing about art but, not travelling to Scotland as often as I would like...

command elsewhere, and on far less evidence of actual achievement. The Arts Council has never bought her work, nor has the British Council...

to ask them in the face of such fine things, such persuasive evidence. The period covered by the exhibition extends from Elizabeth's time at the Edinburgh College of Art in the early fifties...

Then on to the sixties, the reconciliation of more influences, domestic but not unworthy, foreign and very grand: Gillies, Bonnard Matisse and a burst of real creative energy which sees her using oil paint, especially with an ever-increasing freedom...

London Sinfonietta/Round House

David Murray

The only Round House Prom of the summer was given on Sunday by the London Sinfonietta, conducted this time by the Hungarian Peter Eötvös.

even the grand entry of overleaping tam-tams in the coda of the final "Bel edificio" section. Keeping so low a profile, the whole sounded like a sensitive study-performance.

In Le marionnes sans matrice, which opened the concert, the mezzo soloist was Sarah Walker — not at her most communicative, though faultlessly musical.

Each of the 21 songs, mostly very short, is a marvel of technical economy and poignant lucidity; the scale, overall, is too intimate to justify talk of great "breadth," but the sequence has an unyielding grip.

But a year or two ago, in the course of preparing a large mixed exhibition for the Arts Council of Great Britain, I saw much more of it at last, and that experience confirmed in me my initial suspicion...

Is it the colour? She is a consummate colourist, her orchestrations as bright, subtle and surprising as they are invariably delicious; and the Scots are supposed to be so good at colour—a disguised prejudice...

Is it her drawing? She is a very fine draughtsman, certainly, and there are several highly successful English artists younger than her, who achieved prominence when the character of her work was already set...

Then on to the sixties, the reconciliation of more influences, domestic but not unworthy, foreign and very grand: Gillies, Bonnard Matisse and a burst of real creative energy which sees her using oil paint, especially with an ever-increasing freedom...

THEATRES

ALBERT HALL, 836 3971. CC 830. 832. 834. 836. 838. 840. 842. 844. 846. 848. 850. 852. 854. 856. 858. 860. 862. 864. 866. 868. 870. 872. 874. 876. 878. 880. 882. 884. 886. 888. 890. 892. 894. 896. 898. 900. 902. 904. 906. 908. 910. 912. 914. 916. 918. 920. 922. 924. 926. 928. 930. 932. 934. 936. 938. 940. 942. 944. 946. 948. 950. 952. 954. 956. 958. 960. 962. 964. 966. 968. 970. 972. 974. 976. 978. 980. 982. 984. 986. 988. 990. 992. 994. 996. 998. 1000.

ALBERT HALL, 836 3971. CC 830. 832. 834. 836. 838. 840. 842. 844. 846. 848. 850. 852. 854. 856. 858. 860. 862. 864. 866. 868. 870. 872. 874. 876. 878. 880. 882. 884. 886. 888. 890. 892. 894. 896. 898. 900. 902. 904. 906. 908. 910. 912. 914. 916. 918. 920. 922. 924. 926. 928. 930. 932. 934. 936. 938. 940. 942. 944. 946. 948. 950. 952. 954. 956. 958. 960. 962. 964. 966. 968. 970. 972. 974. 976. 978. 980. 982. 984. 986. 988. 990. 992. 994. 996. 998. 1000.

ALBERT HALL, 836 3971. CC 830. 832. 834. 836. 838. 840. 842. 844. 846. 848. 850. 852. 854. 856. 858. 860. 862. 864. 866. 868. 870. 872. 874. 876. 878. 880. 882. 884. 886. 888. 890. 892. 894. 896. 898. 900. 902. 904. 906. 908. 910. 912. 914. 916. 918. 920. 922. 924. 926. 928. 930. 932. 934. 936. 938. 940. 942. 944. 946. 948. 950. 952. 954. 956. 958. 960. 962. 964. 966. 968. 970. 972. 974. 976. 978. 980. 982. 984. 986. 988. 990. 992. 994. 996. 998. 1000.

F.T. CROSSWORD PUZZLE No. 4939

CROSS 1 I would return to position in space (8) 2 Young scout embracing her could be a sweet child (6) 3 Drag to the left and speak slowly (5) 4 Piece cake, it should add (9) 5 Creditor in old merchandise producing old female dress (9) 6 Pull to be first in front of church (5) 7 American president (6) 8 Part-time soldier making survey of land (7) 9 Good luck concerning melody (7) 10 Putting it back in part of church could be intrinsic (6) 11 Enigmatic composer of large arrangements (5) 12 Flatter container for a flower (9) 13 Soldier with a shield making sailor get Early English right (9) 14 A line that could be foreign (5) 15 Over-elegant garment before this year? (6) 16 Dancing girl holding wild hyacinth (8) DOWN 1 Take away from French channel (6) 2 Agricultural implement to mark, if that is right (9) 3 Where, in the world, NEWS comes from (3, 4, 8) 4 Type of soap from former Spanish kingdom (7) 5 Anglo-Saxon rebel was in

Grid for crossword puzzle with numbers 1-28 indicating starting positions for words.

16 Victim, even without medicine, could produce a violent utterance (9) 17 Feigned to be deeply moved (8) 18 Assemble material partly as a symbol (6) 19 Normal and ordinary, but certainly not sharp (7) 20 Type of cord found in the back (6) 21 Travel right to the south-east for a shrub (5) Solution to Puzzle No. 4938

Don Giovanni/Glyndebourne

Andrew Clements

It is salutary, once in a while, to be reminded that great opera composers, and great librettists, really did know their craft.

strict observance of the letter of the text. How few productions treat this, or any opera, as an entity, in which acting ability is as important as the possession of a fine voice?

For the last six performances Bernard Haitink is replaced by Jane Glover, and where the pungency and perception of his conducting had previously seemed the linchpin of the success, it is impressive to discover that under different musical direction the fusion of music and drama is as profound as ever.

The sombre sets, more appropriate for a Jacobean revenge tragedy, one might have thought, than for 18th-century Seville, gradually generate their own beautiful resonances from which the opera's moments of sweetness stand out in high relief.

Her strength is the fine grained moulding of her contrapuntal lines, teasing out accompaniments with elegant restraint, shaping ensembles with a minimum of fuss.

Above all the evening is a triumph for opera as drama; superbly conceived, brilliantly executed. It strips away so much that is tired and unimaginative in contemporary production. It should be compulsory viewing for every producer in the country and for everyone frustrated by the approximations of what passes on the opera stage.

Paris theatre

Nicholas Powell

At the Rond Point theatre there is Antigone, Toujours, adapted from Sophocles and directed by Jean-Louis Barrault.

At the Comedie Francaise, the recent first night of Victor Hugo's Marie Tudor — by the company's enfant terrible director Jean-Luc Bouitte was greeted by roars of both delight and horror.

Lyttelton band at Snape Maltings

Humphrey Lyttelton brings his band to Snape Maltings on Saturday August 28 for the final concert in this year's series of Jazz at the Maltings.

The concert is one of the Maltings Proms and while seats are available at £5 and £6 it is possible to promenade for £1.50.

With Lyttelton on trumpet (and occasionally clarinet), John Barnes (alto sax and clarinet), John Barnes (alto and baritone sax and clarinet) and Roy Williams (trombone), plus the rhythm section of Mick Pynn on piano (and occasionally corral), Dave Green on bass and Adrian Macintosh on drums.

BBC appointment

The Queen has approved the appointment of Miss Daphne Margaret Sybil Desirée Park, as a Governor of the BBC, in succession to Baroness Serota whose term of office expired on July 31.

Lord Gormley has withdrawn his acceptance of appointment as a Governor. His term of office was due to begin on August 1.

Office of Arts and Libraries booklet

A new booklet published by the Office of Arts and Libraries gives basic guidance to owners and their advisers on capital taxation and works of art. Works of Art: A basic guide to Capital Taxation and the National Heritage outlines the relief available from capital transfer tax and provides valuable information to anyone who inherits or intends to bequeath a work of art, manuscript or other heritage object which may be of national, historic, artistic or scientific interest, or is thinking of disposing of such an item.

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UK INDUSTRY

The problems of an upturn

By John Elliott, Industrial Editor

Room for manoeuvre

THE STAGE appeared to be set this week for unpalatable news about developments in the British economy, with the balance of payments figures providing a gloomy curtain raiser for a dismal CBI trends survey today. On the first score, at least, expectations have been pretty well confounded. For the one thing that yesterday's trade figures did not reveal was the kind of alarming rise in imports that many had feared.

The current account in June was in overall surplus to the tune of £152m on a visible trade which was broadly in balance after showing a deficit of £115m in May. There is no question of the figures being flattered by what has been happening to Britain's trade in oil: the non-oil deficit plunged sharply from £442m to £242m. In fact, the balance of payments poses less of a threat to sterling and to the Government's attempts to bring down interest rates than might have been thought. And the Chancellor's determination not to yield to calls by the CBI for something like a 10 per cent net relaxation of the economic squeeze looks that much more stubborn.

For the moment, however, interest rate policy remains the chief means by which the Government chooses to maintain monetary demand. Yet there is growing evidence that the authorities' recent attempts to pull down short term interest rates through money market operations could have been rather more full-blooded. It has been clear for some time that the authorities have been willing to tolerate a depreciating sterling exchange rate, provided that the effective real change rate could be prevented from sinking; on that basis the recent decline in sterling rates has been won at little cost.

Favourable
Now the economic backdrop looks still more favourable with short-term rates in the U.S. falling further yesterday and sterling showing strength against the dollar. Taken together with the relatively favourable balance of payments figures suggests that the Government could well afford to take some risks with the exchange rate while permitting interest rates to reflect more fully the reduced rate of inflation, which officials expect

"ASKING A company about how its suppliers and subcontractors will operate in the upturn is like asking a drowning man about the state of his trousers," complained a leading industrialist when urged to look a few months beyond the present recessionary gloom.

The problem he was reluctant to tackle was the shortage of basic materials, components and skilled labour which could seriously upset the eventual emergence of British manufacturing industry from the depths of the recession.

This is one of several problems that will confront companies as they adjust to the dramatic changes that have swept across all sectors of industry in the past two or three years.

Some of these problems will appear because many companies have either gone out of business, abandoned certain production lines or reduced their stocks to such low levels that they will not be able to cope with an upsurge of orders. There will also be shortages of skilled labour and, in some cases, of working capital needed to finance stocks and increased output.

Many other companies will run into a very different problem: a lack of volume because they have lost customers who have gone out of business or have switched orders abroad. This could lead to a vicious circle in which their lack of volume makes them even less competitive, so possibly reducing orders further.

At the same time, the face of British industry is slowly being changed technologically. A few companies are moving towards the frontiers of new production techniques, while many others are making more limited investments with computer-aided design and production, some of which will change their relationships with suppliers and subcontractors.

A recent tour of more than

30 companies in different parts of the country suggests that the productivity improvements of 20 per cent or more often claimed have quite frequently incorporated the adoption of advanced electronics. New computer-controlled manufacturing, design and stock control techniques have been used to extend and sharpen the impact of changes forced by the recession, harnessing at the same time the new managerial enthusiasm for change which has emerged in the past few years.

However, the permanence of the productivity gains, even where they are undisputed by such electronic developments, will depend to a considerable degree on how industry copes with the changing relationships between individual suppliers and customers that have emerged during the recession.

Supply bottlenecks. Already companies are reporting difficulties in isolated sectors, particularly steel castings and specialist steels, where cutbacks have been most extensive. Reduced stock levels are compounding the problem.

Many companies guess that they and their suppliers could probably cope with a 10 to 20 per cent increase in demand for their own goods without any problem—providing all their suppliers are not inundated at the same time with corresponding increases in demand from all over industry.

That, however, could prove to be optimistic, judging by the problems that some companies say have already emerged when manufacturers receive unexpected orders that they cannot cope with because of rundown capacity or low stocks. Surprising as it may seem, poor delivery has not vanished with the recession.

Areas where companies expect most problems because of the scale of recent cutbacks include castings, high grade steel, nuts and bolts, building materials such as bricks and cement, nylon and polyester yarns and



An upturn could result in a shortage of skilled workers. Many who have moved into service jobs may never return.

some plastics. The backtracking of many small subcontractors is also sometimes cited as a serious problem although a large proportion of companies insist that none or hardly any of their major suppliers, on whom they critically depend, have gone out of business.

Earlier this year most managements seemed too preoccupied with trying to keep their companies afloat to worry overmuch about such problems. Now they are either still fighting for survival or are convinced that any upturn will be gradual enough for them to adapt when the time comes. If this is right, British management, somewhat frustrated by the continuing recession, seems to be slipping back into its pre-recession complacent style of hoping problems will not emerge.

Each company cutback or bankruptcy, of course, causes some organisational problems for customers. When a factory goes under we have to go down and find our dies in

example of the problems. As the UK automotive industry has declined and companies like Ford and Vauxhall have shifted abroad, the volume of UK suppliers' business has been reduced. Now Mr Harold Musgrove, managing director of Austin Rover, has announced he is scouring the world for competitively-priced components—at present supplied 90 per cent from the UK.

Productivity has improved dramatically in BL, particularly at Longbridge where 25 cars are now being produced for each man per year on the highly automated Metro line. In 1980 the figure was seven.

Mr Musgrove insists he does not want to buy abroad. But he does not want the competitive edge which BL's performance has produced to be endangered by high prices from UK manufacturers who are suffering low volume.

He is determined to keep down the cost of his component purchases—currently running at £200 a year. Over the past two years he has accepted a total 1 per cent cost inflation but he wants to improve on this in the coming two years.

Although no figures have yet been mentioned, it seems quite likely that whereas 90 per cent of the components are currently bought in the UK, the figure could drop to 85 per cent by the end of this year and even to 70 per cent by the end of 1983 unless BL's suppliers can lower their prices and rationalise their businesses to gain higher volume.

BL's Longbridge developments also illustrate how the impact of the recession has been sharpened by rapid technological advances in electronics. Companies have been able to accelerate the introduction of automation in plant layout, organisation and use of labour. Some companies like Rolls-Royce (see below) and BL are moving towards the frontiers of manufacturing technology.

Many others are making more modest but equally significant steps forward into automatic manufacturing systems involving the latest computer-controlled machine tools and other plant. It is surprisingly difficult to visit many factories without seeing at least minor examples of such capital investment, despite companies' overall cutbacks on major projects.

Such technological changes will also alter companies' attitudes towards subcontractors. Some companies believe subcontractors will be of less use when outclassed in terms of quality by customers' sophisticated computer-controlled machine tools.

Some companies also hope that these technological developments will ease the impact of the shortage of skilled workers now being widely forecast in many countries. Most companies have made some cutbacks in the intake of apprentices and are considering further reductions if the recession does not ease.

Voluntary redundancy schemes have often pushed skilled workers into highly paid service industry jobs (for example, skilled machinists moving from Cranley near York to general jobs at Gatwick airport) which will probably never return. Fluctuations in pay rises have often reduced earnings of skilled workers in hard-pressed engineering factories, creating pay anomalies which will cause friction some time in the future. Despite the introduction of new technological developments, therefore, serious shortages are likely.

Unfortunately, many companies are not in a state to react to these events, still less spend time assessing their future implications. Not least, many are making contingency plans to cut apprenticeships as part of their next round of economies, rather than planning their future need for skilled workers.

ROLLS-ROYCE

THE Rolls-Royce civil aero-engine manufacturing business based at Derby is going through a period of radical change that graphically illustrates how a company is using the recession to transform its manufacturing operations, harnessing major advances in manufacturing technology which will affect relationships with subcontractors.

SIMON ENGINEERING

TWO managing directors of Simon Engineering subsidiaries are under no illusions about the problems that will emerge in the wake of the recession. "We hope we've got our own contracting business right but we fear the manufacturing companies that supply us will revert to their old practices," says Mr Marc Hamshaw of Sim-Chem, process plant contractors.

Men & Matters

TV games

Space Invaders and such plucky TV games are fine for the kids. The game many grown-up businessmen like to play best is securing maximum screen time for their products for minimum cash outlay.

In this area of gamesmanship I nominate Courage the brewers in advance as one of this year's winners. Courage, and Gideon Lloyd of Sports Sponsorship International, are already confident that for an outlay of £150,000 they are going to secure no less than 10 hours of prime independent TV time during the hard-drinking fortnight before Christmas.

World of Sport (ITV) has agreed to give that lavish coverage to the finals of a novel new contest to be sponsored in the name of Courage's Holmeister lager. They are calling the event the World Doubles Snooker Championships.

For the benefit of sporting buffs let me explain briefly. The top snooker professionals—and 19 out of the top 20 world ranking players have asked to take part so far—will pair themselves off, choosing their own partners. They will play a knock-out contest with the televised finals at Crystal Palace.

Snooker has shot ahead in the popularity stakes during the last three years to become favourite sports viewing on television. Courage intends to capitalise on that by touches of luxury previously unknown in snooker's traditional smoky venue.

Some 1,500 cushioned seats will be installed around the table for the big matches. High above the game there will be glass-fronted hospitality suites so that the "quality" can drink and dine while enjoying the play.

Cooked up

Being a humane sort of chap Ian Appleyard, chairman of the Appleyard Group of Harrogate, says he was appalled to read a headline in the FT—"Younger seals smelter fate."

He suggests it would surely be more humane for the Government to roost the older seals first and not deny the younger ones the chance to enjoy their first summer.

Grocer thoughts

David Caulfield quit his job as managing director of Fitch Lovell's Key Markets grocery group to add his expertise to a "think tank" which is now being assembled by BAT Stores to inject some new life into its ailing International and Mastro chains.

Caulfield joins a team headed by ex-Asda boss Peter Farmington-Williams to sort out ways of merging the 400-strong International Stores with the 23 superstores operated by Mastro.

The extent of the problems facing BAT Industries' troubled retailing outfit, becomes clearer when it is realised that Mastro was split away from International only 18 months ago.

Joe Phillips, chief executive of BAT, said yesterday that splitting the superstores and supermarkets from each other had not worked out, although it

Converts all

What have Lord Carrington, Sir Denis Hoaks, chairman of the British Gas Corporation, the archbishops of Canterbury and York, and the Ministry of Defence, got in common?

The answer is that they have all bought specially converted Ford Granadas from the Lancashire company of Coleman Milne.

Some of the cars were also shire company of Coleman Milne proofed with two-inch thick steel armour and special glass. But no one is saying which clients feel that they need the armour.

The special Fords include a version called the Minister (to flash their episcopal customs?)

Coleman Milne starts an order by taking a standard 2.8 litre Granada and cutting it in two. The car is lengthened and the long process of re-building it to individual customer specifications is carried out under the direction of one employee responsible for each order.

Luxurious luxury allied with armoured safety have pushed sales up to £3.2m a year with current profits of £344,000.

Hawley Group, which owns Coleman Milne, is now making 15 per cent of the subsidiary's equity available by placing shares worth £282,500 on the Unlisted Securities Market.

Air ways

Cathy Pacific Airway—flight code "CX"—is veering to the risk in celebrating the arrival of its new Jumbo Jet. In Hong-Kong T-shirts are being worn with the legend, "The 747 is getting a little CX on the side."

Budget deficits under attack

THE GOVERNMENTS of Belgium and Italy, facing some of the worst of the recession, have announced their good intentions for regaining control of spiralling deficits.

Mr Wilfried Martens, the Belgian Prime Minister, said yesterday after a weekend of intensive bargaining among the political parties that he intended to bring down the deficit from 11.4 per cent of GNP this year to 10.5 per cent in 1983.

In Rome, the Spadolini Government wants to reduce this year's borrowing needs from threatened 14 per cent of GDP to somewhere below 13 per cent or £60,000bn (about £25bn), the target for 1983 is £63,000bn, instead of the £80,000bn in prospect if nothing were to be done.

The two countries are not alone in their plight. But the starkness of their difficulties can be identified from the estimates of government financial balances published last month by the OECD secretariat in its bi-annual Economic Outlook. The total budget deficits of 13 member countries in 1982 were estimated at 4 per cent of GDP/GNP in that publication. Only Italy and Belgium got into double figures.

Remedial measures proposed in both Rome and Brussels are to consist both of higher taxes and levies and of departmental savings. What they also have in common is that political and related difficulties will make it hard to carry out the announced good intentions.

Tax increases
The Italian Government of Sig Giovanni Spadolini has been able to enforce immediate increases to certain indirect taxes, including value added tax. But that still leaves the onus on the Parliament to find £7,000bn from other tax increases, plus a host of departmental spending cuts.

Though the political parties have decided to give the shaky coalition a renewed lease on life, only the autumn will show whether they are prepared to co-operate fully in the austerity programme. Doubts about their intentions are increased by the possibility now under discussion in Rome that a general election will be called next spring. Under such circumstances the political will to go

through with the measures may be hard to marshal.

Such doubts must be enhanced by the fact that the Italian economy which has weakened after a reasonable performance in 1981. Industry, whose profits are under pressure, is complaining loudly about the proposed increase of corporate income taxes. Higher indirect taxes may also prove to be unpleasantly pro-cyclical at a moment when hopes for an economic revival appear to rest mainly on a recovery of domestic demand.

Adjusted
These difficulties come on top of the unresolved dispute about the celebrated scale mobile system of wage indexes. The debate about modifying that system to curb an inflation rate of about 15 per cent has been adjourned until the autumn. For the moment the price increases decreed at the weekend will feed through to labour costs.

All of this implies that the battle against inflation has hardly been joined in Italy. In this respect, Belgium has already gone much further. Wage indexation has been suspended by the right-of-centre Government and a number of restrictive measures are in force.

But here, too, the political questionmarks are large. Mr Martens can be sure of the opposition of the Socialist trade unions with their centre of gravity in French-speaking Wallonia. He could be in dire trouble if the Christian Democratic trade unions, whose main strength lies in Flanders, were also to turn against him.

Belgium needs the confidence of the international financial community because it has run into difficulties with its external current account. The Martens Government has worked hard to maintain this confidence. A wave of strikes could undo much of that work and cast away the advantages expected from the devaluation of the Belgian franc in June.

Italy, too, risks losing the advantages expected from devaluation unless it contrives to control the inflationary pressures resulting from its wage bargaining system and from uncontrolled budget deficits. In both countries the governments will now be judged by how successfully they put their good intentions into practice.

LOREAL 1981

During 1981, as during the preceding year, L'OREAL has enjoyed a satisfactory development of sales in all fields of activities, cosmetics as well as pharmaceuticals, both in France and abroad.

Total consolidated net sales amounted to FF 9.69 billion in 1981, against FF 8.55 billion in 1980, i.e. a 13.4% increase with comparable items. This increase of turnover shows a strengthening of L'OREAL in these various markets in most countries of the world.

Profits increased at a much higher rate than sales: trading profit amounted to FF 883.19 million against FF 711.86 million in 1980 and net profit, excluding capital gains, amounted to FF 517 million, against FF 377 million in 1980.

The improvement of the profit margin is due to several favourable factors: the pursuit of the maximisation of our main strategic products on a world scale; the beneficial repercussions of our management efforts; the improvement of the results of some of our subsidiaries which had had problems of our foreign subsidiaries in Europe and overseas.

In difficult economic surroundings, L'OREAL has then, again, achieved excellent results in relying on the pillars of its strategy: Research and internationalisation. RESEARCH: the pursuit of the expansion of L'OREAL depends essentially on the readiness of our research to develop high-quality products. Research expenses mean 4.8% of the consolidated turnover for our Group; 70 patents have been filed in 1981. INTERNATIONALISATION: the improvement of the Group's results (55% of the turnover is achieved abroad) and contributes to improve France's balance of payments thanks to a positive balance of our operations abroad (FF 1.5 billion in 1981).

OUTLOOK: for the coming years, in spite of numerous uncertainties and some unavoidable turbulence, L'OREAL's outlook remains favourable. We are maintaining our forecast of at least doubling sales within the next five years, together with the same profit margin.

CONSOLIDATED DATA IN MILLIONS OF FRANCS

	1977	1978	1979	1980	1981
Net sales	4,632	5,287	6,340	8,255	9,886
Cash flow	322	423	609	664	948
Net profit (+ investment provisions, excluding capital gains or losses on the disposal of fixed assets)	148	212	332	377	517
Net profit per share (in francs)	37.81	53.89	74.95	81.82	109.86

To obtain the 1981 annual report (in French or in English) please write or phone:

D. BERBIGNER, L'OREAL
Information Financière
41 rue Martre, 92117 Cligny Cedex, France
Phone: 789 83 45

Letters to the Editor

British trade union leadership: servants, or generals with troops

From Mr D. Henderson
Sir.—The letter of Mr Larry Smith (July 28) should not go unchallenged.

One of the principal platforms on which the Government came to power was that it would make trade unions—which had been becoming more and more a law unto themselves—more and more accountable to their own members and to their paymasters, who are not the NCB, British Rail, or the various Health boards, etc—but the general public.

To say that Mr Tebbit is vicious or anti-union is puerile. In all large organisations there would be chaos without responsible collective bargaining.

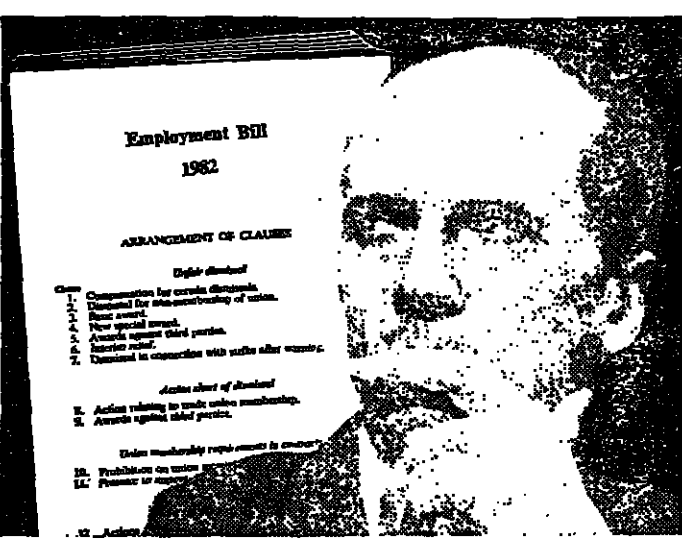
From the moment it was seen that trade union leadership carried political clout, responsible bargaining, the interests of workers and the industry or public service they serve should be synonymous, gave way to political aggrandisement.

Average workers are not interested in trade union politics and hardly at all in national politics except that they support the political party of their choice or upbringing as they do their football team.

Only when something touches the heart and stirs the imagination of "the common man" does he react. Nowhere is this better illustrated than in the "affaire Falklands" though it might have been any other such event. The political climate of the country has reacted as at Eton and at a submarine battery the successful action in the south Atlantic. The evidence is in the polls, but the public euphoria will be transitory.

There are two kinds of trade union leader at work in the country today. There is the leadership which sees itself as the servant of its members, leading them hopefully towards the promised land that for most people lies always over the next skyline. Such leaders and their members have little to fear from the Employment Secretary or his Bill, for they travel towards the same destination.

But there is also the other type of trade union leader, who sees his members, not as members, but as troops—the leader who is not the servant but the master of his members and whose union code of discipline makes Queen's Regulations read like a kindergarten rule book. It is the aim of proclaimed of such leaders to bring about the downfall of the elected Government by any means that they can—in fact, they challenge the will of the people outside of Parliament by seeking to disrupt the day-to-day life of the people who



Employment Bill 1982. ARRANGEMENT OF CLAUSES. Clause 1. Short title and commencement. Clause 2. Interpretation. Clause 3. Application of provisions. Clause 4. Application of provisions to other workers. Clause 5. Application of provisions to other workers. Clause 6. Application of provisions to other workers. Clause 7. Application of provisions to other workers. Clause 8. Application of provisions to other workers. Clause 9. Application of provisions to other workers. Clause 10. Application of provisions to other workers. Clause 11. Application of provisions to other workers. Clause 12. Application of provisions to other workers. Clause 13. Application of provisions to other workers. Clause 14. Application of provisions to other workers. Clause 15. Application of provisions to other workers. Clause 16. Application of provisions to other workers. Clause 17. Application of provisions to other workers. Clause 18. Application of provisions to other workers. Clause 19. 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placed the Government in power. I am afraid that Mr Smith and his friends have got to be prepared to accept criticism and try, however belatedly, to drag their movement into the 20th century. By clinging to working agreements hammered out in 1918, and forever crying out for more while the cake grows smaller, not bigger, they cannot avoid being seen as positively working against the economic recovery of this country.

Mr Smith complains of Mr Tebbit's vitriol. I have not noticed any in his fully justified criticisms of our trade union movement, but I have noticed plenty from the trade union side.

Disappointing as it is to see the unions adopting a defensive crouch every time they are criticised it is nevertheless very encouraging indeed to see so many signs that union members have, at last, woken up to the fact that all too often they are being used as a political weapon to their own disadvantage.

A. L. Beard, Woodfield, Sparken Hill, Swarkeston, Notts.

From Mr K. Daly, Sir.—Mr Larry Smith (Tebbit and the unions, July 28) accuses Mr Tebbit of being vicious and vitriolic. Mr Tebbit's crime, in Mr Smith's eyes, is to accuse trade union leaders of not listening, consulting or taking the wishes of their members into account.

Scarcely a day passes without Mr Tebbit's observation being validated in one way or another. Mr Smith's letter is a good example because it is based on the assumption that all trade unionists espouse Socialist policy and, by that definition, are anti-Tory. That assumption apparently permits a vast amount of top level trade

union time and resources (which means members' money) to be devoted to Labour Party activities. This is despite the fact that, as publicly stated by both Len Murray and Denis Healey, about 5m trade unionists voted Conservative in the 1979 General Election. In practice, the political views and wishes of these millions are ignored, indeed trampled on as Mr Smith and Co enjoy the TUC/Labour gravy train, which is funded by those members' dues.

In practice, no consultation takes place on this issue. In practice, no provision has been made for these trade unionists who may now support the Alliance.

Indeed, once David Owen left the Labour Party, he was sacked from the ASTMS Parliamentary Committee, which despite the fact that less than one member in five of that union pays the Labour Party political levy, is composed entirely of Labour MPs.

Trade union members in poll after poll indicated that they supported trade union reform on matters like picketing, secret ballots, and the closed shop. Mr Smith, the letter-writer, may appear puzzled at the fact that the untrival powers of trade unions have failed to improve the pay standards of their members. Ordinary trade unionists could tell him that the combination of the three items—the closed shop, unlimited picketing powers, and no requirement for members' views to be consulted by secret ballot—confer unrivalled powers on the likes of Mr Smith.

These powers were frequently used to urge inflationary wage claims and impose restrictive practices and over-manning. As such they achieved apparent gains—but only in the short and medium-term. Long-term, by restricting output, by reducing efficiency, by making a mockery of the standard laws of price quality and delivery, those abused powers lost us, first, customers, then whole markets, and finally millions of jobs. And, of course, real pay, as represented by the number of hours work needed to buy a given commodity also suffered drastically.

It was this use or abuse of power, not the wage restraint policies mentioned by Mr Smith, which has hit British workers. If Mr Smith, the T & G executive officer, cannot or will not recognise these realities, it is time he got on his bike.

Ken Daly, Little Cophall, Dowlands Lane, Cophorne, Crawley, West Sussex.

Fighting the advanced electronics challenge from Japan and the U.S.

Why Europe wants Esprit

By David Fishlook, Science Editor

A DOZEN of Europe's leading electronics groups—traditionally fiercely competitive—have felt compelled to join a novel collaborative research and development programme designed to give Europe a machine tool industry for semiconductor chips.

It is the precursor for a far more ambitious programme, still under discussion, aimed at meeting the massive government-backed challenges in advanced electronics from Japan and the U.S.

The pilot-scale venture of the aptly-named Esprit project—European Strategic Programme of Research in Information Technology—came into existence without fanfare last week. The target is the sophisticated manufacturing technology needed to produce future semiconductor chips. Already this market is worth about \$1.5bn a year worldwide, and Europe today is importing the technology from the U.S. and Japan.

The pilot Esprit scheme, backed by about £25m of EEC funds, aims to develop new advanced manufacturing tools—electron-beam machines, plasma etching, computer-aided design, etc.—to the stage of pre-production prototypes. Recipients of these advanced tools will share the cost of development. The EEC has already gone out to tender in four key areas of semiconductor manufacture.

But this scheme would merely be the prolegomena for a much more ambitious attempt to develop the "togetherness" between competing industrial groups at the R and D level that has been so successfully exploited by Japan. Mr Christopher Layton, EEC special adviser on information technology, told a recent seminar organised by Sperry-Univac near Nice. The dozen European companies participating—GEC, ICL and Plessey from Britain, Siemens, AEG and Nixdorf from West Germany, Thomson-CSF, Honeywell-Bull and CIT-Alcatel from France, Olivetti and STET from Italy, and Philips from the Netherlands—had the wind put up them by the Japanese and the evermore alarming threat they face.

The full-scale Esprit project will be launched, it is hoped, in 1984. It will require participating nations to commit their national electronics R and D programmes to a

remarkable degree to a common objective, namely to meet the challenge of Japan and the U.S. "It would be a formidable leap forward in human endeavour," Mr Layton believes.

The targets would be future markets for chips (\$200bn in 1982). The technologists of Brussels are talking of putting about \$1.2bn—around 2 per cent of the Community's budget—behind Esprit, spread over the later years of the 1980s. Tens of thousands of man-years of effort would be involved, with participating companies contributing as much as the EEC itself. "For the first time in my knowledge all the top companies are behind the scheme," claims Mr Layton, who tried for a decade (but failed), to bring a common technology base to the telecommunications of the EEC.

Mr Derek Roberts, director of research at GEC, is one of the European industrial scientists who, for the past six months, have been exploring collaboration in such areas as advanced information processing systems, advanced micro-electronics, office automation and computer integrated manufacture, as the basis of Esprit.

He is convinced that the way ahead in advanced technology must lie in closer collaboration between previously competing companies. He points to the way the basic tools of advanced R and D in electronics have escalated in cost, from around £200 for a photo-engraver he

built for Plessey's laboratories in the 1950s to some £400,000 for the latest tool of this type he has bought for GEC's laboratories. In addition to this kind of escalation, the range of different disciplines which must now be brought to bear on a problem in advanced technology is far greater than in the 1950s.

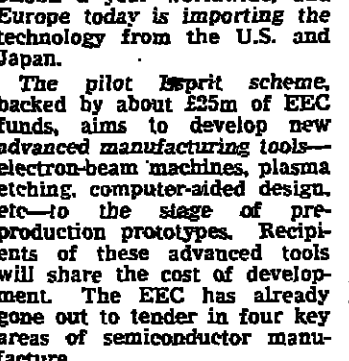
"I lean increasingly to the view that it is imperative for companies like GEC to find ways of collaborating with its competitors."

According to Christopher Layton, the draft Esprit programme has been drawn up by the companies without political pressure for collaboration from governments of EEC member-states. At the same time, he contends that the political environment for Esprit is better than it has been in the past. But Mr Roberts warns that there are "plenty of hurdles before Esprit becomes a reality." The 12 electronics groups still have much to resolve, such as how they would protect each other's intellectual property. By the autumn they should know whether Esprit really embodies a new spirit of collaboration.

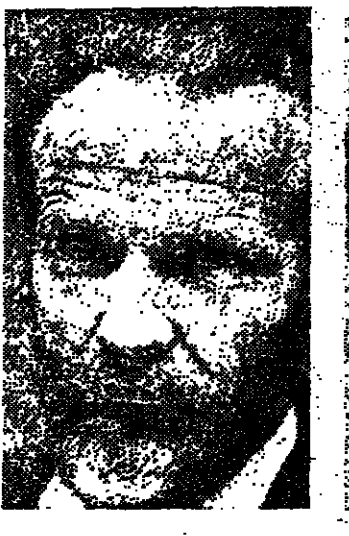
The challenge which has driven Europe's electronics groups to contemplate pooling their R and D effort was outlined at the Nice Seminar by Professor Keichi Ohmura, president of the Industrial Research Institute in Tokyo, and a key figure behind Japan's post-war industrial policy. So judicious was this policy of research



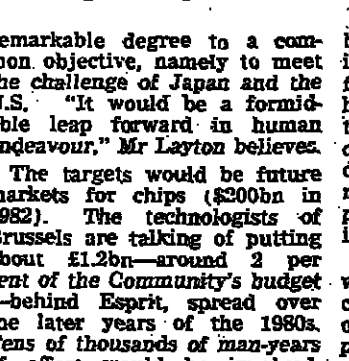
CHRISTOPHER LAYTON No political pressure



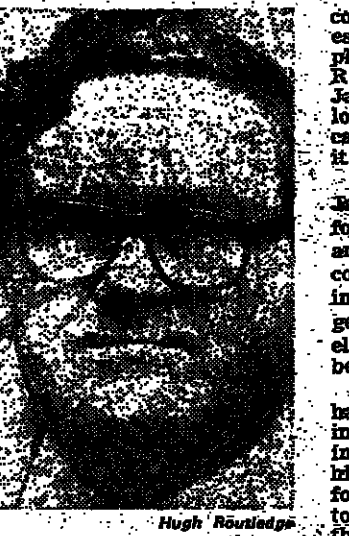
DEREK ROBERTS GEC's way ahead



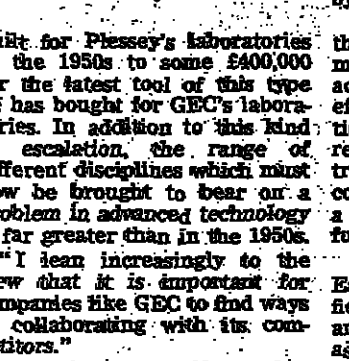
CHRISTOPHER LAYTON No political pressure



DEREK ROBERTS GEC's way ahead



CHRISTOPHER LAYTON No political pressure



DEREK ROBERTS GEC's way ahead

collaboration, that one Japanese industrialist recently complained to Prof Ohmura that R and D was out of control in Japan. The industrialist no longer had enough time to complete an innovation before it was superseded.

The big target of the new Japanese industrial programme for collaboration in electronics are the so-called fifth-generation computers, an advanced computing system for science, the next generation of robotics and optoelectronics. Similar targets are being identified for Esprit.

Although economic growth has slowed to about 2 per cent in Japan, the computer and information industries remain high-growth sectors. The information industry is expected to grow almost fivefold during the 1980s, from sales of ¥2,100bn in 1980 to ¥10,000bn by 1990.

New U.S. initiatives, beyond the customary heavy investment by the Pentagon in advanced electronics, include efforts by Control Data Corporation to form a collaborative research club with other electronics groups, and by the semiconductor industries to mount a joint research programme funded from levies on sales.

What are Europe's chances of Esprit marrying previously fiercely competing countries and companies to common goals as ill-defined at this stage as the "fifth-generation computer"?

Europe has a motley history of modest successes and manifest failures in R and D collaboration. In nuclear reactors, telephone exchange systems and TV, individual nations insisted on national independence, which in the later required considerable ingenuity and innovation to reconcile, for example, in providing electronic "gateways" interconnecting the technically different national telephone systems of the EEC.

To make Esprit work, individual EEC nations would have to commit their national projects for "fifth-generation computers" and the like to the common programme. Industry would probably be asked to commit as much cash as the EEC. Christopher Layton says he rates the chances of launching the main Esprit project in 1984 at better than even. But he estimates the prospects of getting all the money Esprit needs to compete with Japan at less than 50 per cent.

Japanese motorcycle franchises in the UK

From Mr D. Brown, Sir.—At last the major Press has noticed and reported on the plight of motorcycle dealers.

Both associations have for years been trying to negotiate fair and honourable terms with the Japanese companies represented in this country. The so-called franchise agreement which is forced on dealers nowadays is not worth the paper it is written on for the dealers. It favours only the manufacturers.

The motorcycle business is an example of complacency in the first place by manufacturers

and retailers. Percentage market share of units is all that the management of these companies care about. Profitability is not considered, only more and more units. The profitability is fairly in Japan. Once the machines have left their shores they effectively do not give a damn.

When their share in a defined area is slightly below par, their answer is to open more dealers—not encourage their existing outlets. Existing franchisees are politely informed that another up the road a mile or so

is now a dealer of such and such a franchise.

When will the British wake up to the total disregard the Japanese have of orderly marketing? The retailers lose, existing European manufacturers lose and eventually the over-protected public lose. We have seen it in radios, hi-fi, cameras, now it's videos and motorcycles. It's an industrial cancer they sell us. BL will be next. The Acclaim will be the first cell of cancer implanted in a very cleverly operated deal.

Nobody can complain of competition, that's what a free

democracy is supposed to ensure. The motorcycle trade needs investigating. How can some dealers sell machines below the trade price that other dealers buy them for?

The motorcycle is a highly specialised road-going vehicle. It needs servicing and all the other ancillaries expected by the buying public. It therefore deserves and has to have a fair deal, not a protected one but fair and in that way the public will be protected.

D. G. Brown, West Cottage, Lambden Road, Pluckley, Ashford, Kent.

Price and pay restraint

From Mr W. Kleinloch, Sir.—The CBI has adopted the slogan "pay restraint for ever" and justifies its viewpoint by pointing out that we can only earn our living by being effective.

It argues that the number of jobless is a result of British industry paying its workers in the 1970s more than did its competitors abroad and that only low wage settlements will ensure our competitiveness in foreign markets.

If, however, we compare other Common Market countries with ourselves in respect of prices and wages, we find that on the whole wages there have been consistently higher over the past 20 years or so, whereas a great variety of items, from foodstuffs to services, are considerably cheaper than in the UK.

Maybe our uncompetitiveness in foreign markets is not so much caused by the wage content of our products as by our pricing policy and certainly the discount structures that are historically built into our calculations. If our prices could be brought under control, then no doubt the pressure for annual wage increases would ease considerably.

Perhaps the CBI should change its slogan to "price and pay restraint for ever." W. K. Kleinloch, Austeyr, Camp Road, Gerrards Cross, Bucks.

current cost accounting and from Jack Clayton who worships it so long as it is of the pure Sandilands variety.

Though the motion was lost, however, and thus SSAP 16 survives, it is clear that the SSAP 16 review next year will need to be thorough. Furthermore, whatever the conclusions of the review, any successor standard will have to be sold more effectively and be supported by better training and education back up.

The task of Ian Davison and the accounting standards committee in tackling this review is a daunting one. Members of the profession, be they in industry, commerce or practice, can at least play a part. I believe the success and acceptability of the review will be much enhanced if all those affected think about the issues and then comment to the ASC on how practical problems should best be resolved. To date too much of the comment on accounting standards has been rather than during the exposure or review period.

Now therefore is the time to start thinking so that constructive and considered suggestions will be submitted to the ASC in 1983.

If we fail, it is clear that much of the divisiveness and rancour within the profession which has been apparent in recent weeks will reappear and this will certainly be to our long term detriment. David T. Young, St Mary Axe House, 56/60 St Mary Axe, EC3.

of a fixed Channel link (FCL). The Cairncross and Anglo-French reports accept an FCL as feasible and not a bad thing; we must now wait for a further report (financial) in the autumn. There has not really been a positive recommendation but a slowly getting firmer attitude.

An FCL is vital for freight purposes for any forward looking policy and transhipment must be avoided; this rules out ferries which in any event can only "be competitive into the next century"—less than 20 years. A sound FCL will cope well over a hundred years without the need of ferries for regular capital replacement at contemporary prices.

The financial infrastructure of the country can now afford a link whether financed publicly or privately. What is disconcerting is that we have no idea as to government intentions. The present executive has always been of action and never short of guts. But is it now trying to stall again, to postpone again, or to slowly but firmly go ahead? In the interest of the economy, efficiency, energy conservation and environment of the nation then we believe that the Government must soon indicate its intentions and then get on with it!

Alan R. Titchener, The Channel Tunnel Association, 210 High Holborn, W.C1.

A la carte in Europe

From Mr R. Carswell, Sir.—Like you, I am attracted by the idea of a European Community à la carte with members, and especially new members, being entitled to pick and choose which policies they wish to take part in. As you rightly say, uncertainties would be created that would prevent

business and politicians reaping the advantages the Community is supposed to offer. Unfortunately we already have a Community à la carte—Britain has opted out of the European monetary system.

Richard Carswell, CSM European Consultants, Eagle House, 109, Jermyn Street, SW1.

Priorities in the Community

From Mr J. Fryer, Sir.—Once again the Finance Ministers of the EC member states have stuck their knives into the barely living body of the European Community. If they carry on much longer, we shall have a corpse on our hands.

The Community budget as it now stands is wildly out of balance, and fails to meet the aspirations of the founding fathers of Europe on almost every count.

The restrictions on proposed benefits in favour of poorer regions within the Community and developing countries in the Third World are not only morally indefensible, but also are dreadfully short-sighted. The Ministers concerned seem to have learnt nothing from the Brandt report, let alone the numerous economic studies of recent years which have indicated that global development will be mutually beneficial to industrialised nations and LDCs alike.

To their credit, Conservatives in Brussels and Strasbourg have pressed for more enlightened Community priorities, but in so far as the British Government has failed to take on board the actions necessary for revitalising the Community and making it an agent for progress in the world, it deserves a big raspberry. Jonathan Fryer, Flat 4, 106 Queen's Gate, SW7.

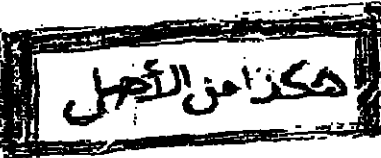
Looking forward to 1983

From Mr D. Young, Sir.—It was somewhat ironic that Messrs Keymer and Haslam, in their efforts to throw out SSAP 16, should have found support during the Institute's special meeting both from David Myddelton who abhors

A fixed Channel link

From the chairman, the Channel Tunnel Association, Sir.—Now that the railways and the unions are maturing in their relationships then we wish to again raise the matter

Advertisement for DRIVELECTRIC battery electric vehicles. Text: 'Now battery electrics deliver the goods—cheaper.' Includes a large image of a truck and a coupon for more information.



Standard Telephones encouraged by first half performance

AN IMPROVEMENT of £7.3m in pre-tax income to £26.4m was recorded by Standard Telephones and Cables during the 24 weeks to June 20, 1982.

Finance charges of £2.7m, compared with £5.1m. Depreciation took more at £7.2m (£8.3m) and associates' contributions dipped from £0.8m to £0.6m.

Hillards profits expand by 24.5% at year end

AS NOTED in the interim report, the keen competition at super-market operator, Hillards, has continued, but increased turnover and profits have been derived from the new large stores opened since 1979.

Together with a further increase in the contribution from the sale of fresh foods, turnover of the company, including VAT of £972m (£877m), improved by 12.9 per cent to £183.78m for the year ended May 1 1982, compared with £162.82m for the previous 53 weeks.

Profits for the 53 weeks were struck after a year of interest charges of £350,000, compared with £214,000, but were subject to much higher tax of £1.78m, against a previous £936,000.

Advance by 26% for Cray Electronics

THE MANAGEMENT decision to concentrate on higher margin business at Cray Electronics, precision engineer, is reflected in higher pre-tax profits on lower turnover, according to the directors for year to May 1 1982.

Pre-tax profits rose by 26 per cent to £1.3m on turnover down from £18.91m to £17.1m. The dividend is being effectively raised from 1.125p net to 1.25p with a final of 0.875p. Earnings per 10p share are given as rising from 3.45p to 3.94p.

Investments help to lift Nottingham Manfg. at six months

INCLUDING HIGHER investment income of £2.71m, compared with £2.24m, taxable profits of the Nottingham Manufacturing Company increased by \$8.72m to £8.17m for the six months to June 30 1982.

BOARD MEETINGS table listing dates for various companies like Standard Telephones, Hillards, Cray Electronics, etc.

Shaw & Marvin deficit

LOSSES FOR the year at Shaw & Marvin were stated at £34,708 compared with £1,388p for the year ended March 31 1982, compared with previous losses of £22,347, which were after a release of £30,000 of bad debt provisions.

Regional Properties improves to £1.91m

PRE-TAX profits of Regional Properties, property investment and development company, moved ahead from £1.67m to £1.91m for the year ended March 31 1982, and the dividend is stepped up to 2.5p net, against 2.2p, with a final payment of 1.7p.

Repts and other income, less expenses, amounted to £2.43m, compared with £2.33m, and interest payable was £232,363, against a previous £85,832.

Tax charge was £1.06m (£979,490) but there was an exceptional debit of £7,472 (£899,201 credit) being an under provision cover for tax in previous years.

With the company retaining a 40 per cent share and the freehold interest, Norwich Union derives its interest by means of a 250-year lease.

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THE MANAGEMENT decision to concentrate on higher margin business at Cray Electronics, precision engineer, is reflected in higher pre-tax profits on lower turnover, according to the directors for year to May 1 1982.

Royal Dutch/Shell sells Colborn-Dawes business

Royal Dutch/Shell is selling its Colborn-Dawes group of subsidiaries to the Swiss-based pharmaceutical giant Hoffmann-La Roche. Neither company would give details of the sum being paid, but industry experts reckon the price is probably under £10m.

The Colborn-Dawes group, which had sales of almost £60m last year, is chiefly concerned with the development, production and formulation of animal feed additives and has been working on a process for making animal feeds from natural methane gas.

Unidare 90% ahead but some problems remain

A 90 per cent increase from £418,000 to £795,000 in pre-tax profits is reported by Unidare, the Dublin-based manufacturer of electrical cables and transformers, for the six months to June 30 1982. There was a 14 per cent increase from £18.51m to £21.18m in sales. The interim dividend is raised from 1.7p to 1.8p - last year a total of 5.5p was paid.

Coleman Milne USM placing

SPECIALIST COACH builder Coleman Milne is to be spun-off from the Hawley Group. The company will be placed on the London Stock Exchange as an unlisted public company.

The company will be placed on the London Stock Exchange as an unlisted public company. The share price of 35p capitalises Coleman Milne at £1.75m.

TCB improves to £2.33m at mid-term

THE BANKING subsidiary of P. & O. TCB, improved pre-tax profits from £1.76m to £2.33m in the half year to June 30 1982. Profits for the whole of 1981 were £3.77m.

Star Offshore back in the black with £1.82m

THE CHAIRMAN of Star Offshore Services, Mr W. G. Cochrane, reports that his prediction of a return to profits in the year to March 31 1982 has been fulfilled. The pre-tax figure was £1.82m, compared with a loss of £885,000.

Half-Yearly Statement

The premium income and new business figures of the insurance subsidiaries for the half-year ended 30 June 1982 are as follows (the corresponding figures for the six months to 30 June 1981 are shown in brackets):

Table with 4 columns: Category, 1982, 1981, and % Change. Rows include Premium Income, New Business Figures, etc.

PREEDY advertisement with financial data for 1982 and 1981, including turnover, operating profit, and dividends.

Mr. S. L. Preedy, Chairman, reports on the improvement in operating profit of 5.7% achieved through the continued trading success of the wholesale division.

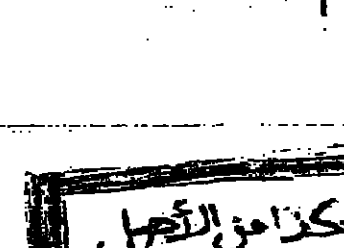
Star Offshore back in the black with £1.82m. Advertisement for Star Offshore Services.

London and Manchester Group plc advertisement.

Tilbury Group advertisement featuring images of construction sites and text describing their services and financial performance.

Unilock £1.48m in red advertisement. Text: As expected there was a pre-tax loss at Unilock Holdings, £256,000 which comprised a continuing expenditure of £248,000 on new products and a decision to write off an additional amount of £8,000 against the software costs incurred on the graphics computer.

M. J. H. Nightingale & Co. Limited advertisement with a table of stock prices and company information.



Companies and Markets

BIDS AND DEALS

MINING NEWS

Reckitt sells 65% of Manceau

THE FRENCH subsidiary of Reckitt and Colman has sold 65 per cent of its shares in Laboratories Manceau to Beecham group subsidiary Beecham Sevigné for FF2 22m (\$1.9m).

The sale is part of Reckitt's policy of concentrating on the development of its household and toiletry products which it has been implementing for the past two to three years, the company said yesterday.

Manceau employs 40-50 people at Chateau du Loir in Northern France and has annual turnover of around FF2 25m. It produces laxative products for the French market.

Reckitt's main reason for retaining a 35 per cent holding, is its interest in Gaviscon, a gastric reflux suppressant made by Manceau, which acts against "heartburn".

This is the third disposal to be announced by Reckitt in the past month. It earlier said it was selling its industrial supply operations in the UK, France and Ireland to Cadbury Schweppes for £7.7m while its US subsidiary, R. T. French, plans to sell its Widmer Wine Cellars business to its management for \$5m-\$10m.

WIRE AND PLASTIC Wire and Plastic Products has acquired Elston (Everco) which is a manufacturer of holloware, hitherto carrying on business at Birmingham and having a turnover of approximately £600,000 per annum.

ASSOCIATE DEALS Hoare Govett, official broker to Sunlight Service Group, purchased the following on behalf of discretionary clients: 25,000 Johnson Group ordinary shares at 275p; 15,000 Johnson Group ordinary at 275p; 34,000 Johnson Group ordinary at 275p.

LYLE SHIPPING Discussions concerning an offer to be made by Lyle Shipping for the share capital of Lyle Offshore Group, not already owned by Lyle, have been discontinued.

BRABY LESLIE Braby Leslie, the subsidiary Braby Group has acquired from Tamech cash for £200,000 and marketing of mobile aircraft refuelling equipment previously carried on by Tamech.

Star Computer purchases Hartley's UK operations

Star Computer Group yesterday announced the purchase of Hartley Computer's British operations for £700,000, coupled with a move from the Unlisted Securities Market to a full Stock Exchange listing.

Star, which came to the USM in June 1981, will pay £350,000 immediately and deposit the balance in a joint account to be paid within 18 months subject to performance.

Stockbrokers Simon and Coates has arranged for a vendor consideration placing. The vendor will receive cash but Star will finance the deal by the issue of new shares which will be placed mainly with institutions. At least 25 per cent of the enlarged capital will be in public hands. The official listing is planned for Friday.

Atlantis seeks remaining 41.3% of Le Vallonet Atlantis Resources International is offering a one-for-one share deal for the outstanding 41.3 per cent of Le Vallonet valuing the Jersey-based investment company at around £1m.

SHARE STAKES Hall, a director, has advised the following purchases: J. D. Hall, 100,000 non-voting ordinary; R. J. Hall (son of J. D. Hall), 20,000 non-voting ordinary; and Sheila Betty Hall and M. R. Pinsent, trustees for R. J. Hall, 15,000 non-voting ordinary shares.

QUEEN'S MOST HOUSES Mr V. W. A. Gray is no longer interested in a notifiable percentage of the share capital.

VECTIS STONE GROUP Mr J. A. C. Collins, a director, has acquired 28,500 ordinary shares in a non-beneficial trustee capacity.

JOHN FOLKES HEFO—Mr J. D. Hall, a director, has advised the following purchases: J. D. Hall, 100,000 non-voting ordinary; R. J. Hall (son of J. D. Hall), 20,000 non-voting ordinary; and Sheila Betty Hall and M. R. Pinsent, trustees for R. J. Hall, 15,000 non-voting ordinary shares.

company is in the hands of the receiver so that payment of the balance depends on the smooth transfer of both hard and software to Star, said Mr Roger Abraham of Simon and Coates.

Star will acquire assets with a book value of £275,000 but the most important element is Hartley's customer base with the accounting profession, he added.

Hartley has mini computer-based turnkey systems installed at 340 accounts practices in Britain and Ireland. "Star has virtually doubled its business," said Mr Abraham. "It is buying a customer list which will give it a total of 600 practising accountants, including 15 of the largest 20 firms."

Unaudited figures from Hartley indicate a significant loss on turnover of more than £2.2m in the year ended June 30 but Star said it was confident it could make a satisfactory return on the business and assets being acquired.

Star said it was confident it could make a satisfactory return on the business and assets being acquired, Star can be expected to cut Hartley's installation costs, Mr Abraham said.

The enlarged customer base will help Star to market its computer systems to the legal profession, it said.

From the outset Star was one of the most heavily capitalised companies on the USM. Problems encountered by some other USM companies, have damaged the market's image and make a move to a full Stock Exchange listing more attractive, said Mr Abraham.

It was a logical move to link the acquisition of Hartley to this move, he added.

Star last month announced a pre-tax profit of £82,000 on turnover of £4.04m in the year ended April 30.

ADP selling offshoot for £1.2m cash

Amalgamated Distilled Products has agreed to sell the wine and spirit wholesale distribution business of Foregate Vintners, a subsidiary of North West Vintners (Retail), to Edward Butler Vintners, for a maximum consideration of £1.2m in cash.

Debtors estimated at £1.1m will be collected by Foregate which will also be responsible for the payment of creditors estimated at £500,000.

The net cash proceeds of the sale, estimated at more than £1.3m, will be used to reduce group borrowings.

PENKALEN OFFER HAS CLOSED

The offer for Pengkalen has now closed. Successful bidders have received for 708,376 shares (44.27 per cent).

NEVILLE ENTERPRISES, through an associate, Fairford Investments, was beneficially interested in 185,000 shares (10.31 per cent) in the company during the period, and are now interested in 873,376 shares (54.58 per cent).

FREDERIC ROBINSON

Frederic Robinson has acquired the capital of Hartleys (Liverpool), which owns a total of 55 licensed premises in Cumbria and Lancashire.

BREWING will continue at the brewery in Ulverston avoiding the need for any redundancies. The houses will continue trading under Hartleys management.

FERGUSON/FINLAY

Following the contract for purchase of 1.7m Finlay Packaging stock units at 5p by Ferguson Industrial Holdings, Ferguson has become interested in 1.8m ordinary Finlay stock at 5p.

LONDON TRADED OPTIONS

Table with columns: Option, Exercise price, Closing offer, Vol., Closing offer, Vol., Closing offer, Vol., Equity close

HADSONS

Hadsons, the U.S. oil group, is expected to float off a 25 per cent stake in its European interests in London later this week.

FINANCIAL DIARY

Table with columns: Date, Event

Heavy losses for Atlas Mining

A NET loss of Pesos 255.5m (£17.3m) for the half year has been suffered by Atlas Consolidated Mining and Development, the biggest metals producer in the Philippines, reports Leo Gomaga from Manila.

It is the worst half-yearly result in the company's history and it compares with a profit of Pesos 525m in the same period of last year. Inevitably, low prices for copper and gold are to blame.

Mainly because of adverse market conditions, Atlas reduced its output, its ore extraction and milling facilities in Toledo and Arroyo produced 146,238 lb of copper, 95,823 oz of gold, and 265,018 oz of silver.

Now that the Government is subsidising copper producers by buying their output at a fixed price of P.5.75 cents per lb compared with the current market level of around 65 cents, it has been estimated that Atlas will lose no more than Pesos 50m in the remaining half of the year.

Renison keeps its powder dry

THE Consolidated Gold Fields group's Renison Goldfields Consolidated is closing down its Gupowder copper leaching venture in Queensland because of low copper prices.

RGC says that the project, designed to produce 10,000 tonnes of copper a year, has been shown to be technically sound but in order to be profitable it needs much higher copper prices.

91.5% take up Minster Assets rights

The £5.3m one-for-four rights issue by Minster Assets has been taken up in respect of 7.85m ordinary shares, 91.5 per cent of the total. The balance of 728,494 shares has been sold in the market at a 11p premium over the 65p issue price.

The proceeds of the issue— which are re-written by Hill Samuel—are intended to provide additional long-term capital for the subsidiary, Minster Insurance Company, and to fund the financial holding group's oil exploration interests in the North Sea.

Aerospace Eng. exceeds projection

Compared with a forecast of not less than £900,000, taxable profits of Aerospace Engineering, manufacturer and supplier of components to the aerospace industry, moved ahead to £1.1m for the year ended April 30 1982 against a previous £850,000.

And the dividend is boosted to 8.25p net per 25p share—the profit forecast a total of 7.5p was intended—with a final payment of 0.75p, there were waivers on 1.2m shares.

Progress at Drayton Far Eastern

Pre-tax revenue at Drayton Far Eastern Trust rose from £149,600 to £171,400 in the six months to June 30 1982. The interim dividend is unchanged at 0.4p net—last year's total was 1.2375p from net pre-tax revenue of £385,000.

Gross income for the first half was up from £183,500 to £237,700, and management expenses were higher at £56,300 compared with £33,900. Tax took £82,500 (£89,000). Net asset value per 25p share was 71.75p against 68.5p at December 31 1981.

Doubts over Jabiluka's earnings prospects

BY KENNETH MARSTON, MINING EDITOR

ONLY A week after the news that the big Jabiluka uranium deposit of Pancontinental Mining (65 per cent) and Getty Oil (35 per cent) in Australia's Northern Territory had at long last been given final governmental approval to go ahead, doubts are being expressed about its earnings capability.

Earlier, Mr Doug Anthony, the Australian Deputy Prime Minister for Trade and resources was reported as saying that Jabiluka would have an annual export sales potential of A\$300m (£172m).

But according to the Australian Associated Press, a report by the secretary of the Northern Territorial Department of Mines and Energy says that uranium oxide sales prospects are gloomy unless the government lowers or abandons its policy of a minimum price of A\$50 per pound. This is several dollars above the current spot market prices.

A spokesman for Mr Anthony has said that while the Government is committed to the full development of the uranium industry, it has no plans to change its minimum pricing policy.

The Northern Territory report also said that projections on output and prices of uranium oxide by Pancontinental were very optimistic and could easily be a third lower than was estimated.

Mr Tony Grey, chairman of Pancontinental has countered by saying: "We haven't signed any contracts but we are confident that we will meet our expectations of 3,000 tonnes (annual rate production) building up to 4,500 tonnes over two years."

He added that Jabiluka is offering "long term strategic access to security of supply." The Northern Territory report said that uranium oversupply had been accumulating for a decade but had been disguised by the growth of uranium stockpiles. Prospects of sales now were extremely limited.

Jabiluka is a good grade deposit holding some 200,000 tonnes of uranium oxide. A mining lease running for 42 years is expected to be granted and it is hoped to have the mine in production by the end of 1986.

Meanwhile, it is reported that the French Government is interested in buying uranium from Western Mining's proposed Yellirrie project in Western Australia.

Mr Peter Jones, the state's Resources Development Minister has confirmed that he has had talks with the French Government and with uranium authorities in France. However, he would not disclose how much of the Yellirrie output was under discussion.

ROUND-UP

Encouraging gold values ranging from 1.9 grammes to 28.4 grammes are reported from a 12-hole shallow drilling programme by Carr Boyd Minerals and Esse Exploration from their Harbour Lights prospect at Leonora in Western Australia.

An estimated average grade of 7 to 8g is given for the various intersections which include one of 4.01g over 39 metres. A follow-up programme has been started to test the grade and tonnage potential of the find.

South Africa's gold production increased in June to 1,849,704 oz from 1,757,568 oz in the previous month. The total for the first half of this year amounts to 10,481,686 oz compared with 10,532,256 oz in the same period of 1981.

Final feasibility study preparations are now under way at Australian Consolidated Minerals' Big Bell gold prospect in Western Australia now that the estimated tonnage has been increased by 20 per cent to 15m tonnes.

This is made up of 10.3m tonnes grading 5.1 grammes per tonne down to the 800 metre level with a further 5m tonnes grading between 4g and 5g down to a depth of 1,300m. ACM has a 50 per cent stake in the project with Nickelode holding 30 per cent and Amax 20 per cent.

The Nottingham Manufacturing Company PLC INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH JUNE 1982. Group results (unaudited) for the six months ended 30th June 1982 are as follows:

EUROPEAN OPTIONS EXCHANGE table with columns: Series, Vol., Aug. Last, Vol., Nov. Last, Vol., Feb. Last, Stock

Country and New Town Properties and Civil Service Store. As a result of the recent fire at the Strand Store premises, until further notice both the above companies will be operating from temporary accommodation at: Adelphi Theatre, 18/20 Maiden Lane, London WC2. Telephone 01-836 9578

LONDON TRADED OPTIONS table with columns: Option, Exercise price, Closing offer, Vol., Closing offer, Vol., Closing offer, Vol., Equity close

Automated Security (Holdings) PLC Rights Issue of 4,740,989 new Ordinary Shares of 10p each at 180p per share raising £8.2m

HAZLEWOOD FOODS TURNOVER UP 57% at £18.84m PRE-TAX PROFIT UP 42% at £1.42m DIVIDEND UP 25% at 8.0p

TECHNOLOGY

EDITED BY ALAN CANE

FILM AND VIDEO

How the cinema faces the challenge of home films

BY JOHN CHITTOCK

THERE IS an embarrassing irony about the research which has gone into this article about the cinema and video — because it prevented me last Thursday from making a long overdue visit to the commercial cinema. The occasion was a preview of Walt Disney's TRON, arranged with even greater irony by Mallett to promote a new video game based on the film.

The cinema business is reeling, and the impact is almost (but not quite) worldwide. In the UK, April attendances were 48 per cent down against the 1981 figure and overall this year may show a decline of about 40 per cent.

Longer-term trends are equally alarming: UK attendances in 1970 were 193m, in 1981 86m; in Japan, 1969 total was 284m, in 1980 166m; Sweden in 1969-70 28.2m and in 1980-81 some 23.08m. The U.S. has displayed remarkable stability and so too has France, which in the first half of 1981 actually showed a rise of 7 per cent over the previous year.

It may be no revelation to point out that on the evidence of these figures the cinema decline is worst in countries where the national television service is best. A corollary to this is that home video recorder penetration, as a percentage of TV households, is higher in the countries where the national television service is better.

Thus UK with something over 11 per cent, against the miserable 3 per cent of France, and with 5 per cent, the odd one is Japan at 12 per cent, but perhaps for the Japanese its television service is better than I suspected or their dedication to electronics is insurmountable.

The cinema industry is well aware of the impact that television has had on its attendance figures, but the new phenomenon now entering the equations is of course the pre-recorded video movie. Figures from THORN EMI suggest that some titles available on video, such as *One Flew Over the Cuckoo's Nest* and *The Deer Hunter*, have already grossed one sixth of their total cinema earnings in the UK.

Extrapolating from this, and bearing in mind that a great deal of the video revenue is depressed by piracy (which will

decline), it will be only a few years from now when a video movie will earn more than it does at the cinema box office. This point could be reached when the home video market has reached about 50 per cent penetration, possibly by 1987.

It is an alarming prospect for the cinema. Perhaps an even greater irony is the recognition that the cinema is an important shop window for promoting video programmes; without the public interest stirred by the razzamatazz of a box office success, the video of this movie is less easy to sell.

Complicating the issue even further is cable television, which in both the U.S. and UK looks to feature films to provide its most profitable programming. The knock-on effect of this, aggravated now by home video movies, is the competition which broadcast television will now begin to experience when bidding to buy feature films. In the U.S., cable television has become a prime market for feature films, with network broadcasters being edged out.

This may be good news for the producers, but for the broadcasters it is making life difficult—especially for public services where television licence fees are not keeping abreast of rising costs (about 19 months ago, European average was \$48.19—not enough to buy one evening's viewing on videocassettes).

There are even some signs of a possible desertion of audiences from broadcast television, such as the 9 per cent audience fall in the U.S. in the last quarter of 1981. Biggest desertion has been by teenagers—who are providing a new growth market for video (a claim echoed in the just-published Economist Intelligence Unit study *The UK Market for Home Video Products*).

For the cinemas, one way of fighting back is to put videocassettes on sales in the box office. Brent Walker is trying this in one UK cinema, and Palace Video are planning to sell foreign films (with subtitles) at London's specialist Scala cinema. One 16mm distributor specialising in foreign films has said that the arrival of sub-titled videocassettes will now kill off the 16mm market for these—hitting film societies especially hard.

For the established patterns of film viewing, it all sounds rather Kafkaesque. Unfortunately, it may be only the beginning of even bigger upheavals yet to come.

THORN EMI claims that the demand for video software has never been stronger, and the British Videogram Association predicts that pre-recorded videocassette rentals for this year will reach 41.7m transactions (worth \$83.4m)—in other words, one rental for every two customers at the cinema.

In this situation, the effect of new government legislation which may emerge from various inquiries now taking place could be serious—not only for the cinema and film industries, but broadcast television too.

Thus the Hunt Committee on cable television (how should it be controlled?), the Home Office technical committee on satellite TV technical standards (of consequence to anyone in the moving picture distribution business), re-examination of the vexed question of a levy on blank tapes and the associated copyright problems examined by the Whitford Committee, and proposed changes to the Eady fund—the cinema seat levy which has pumped some money back into the British film industry.

How all of these issues can be considered in isolation from each other, as if one would not affect the other, is a question more appropriate for the Mad Hatter to answer.

At least the notion of a blank tape levy makes eminent sense now if a percentage of the funds is used in similar ways to the Eady levy—namely, to help the British film industry. One candidate about to press this idea is the National Film Archive, at present short of £1 per year to win its race against time with decaying nitrate film stock.

There could be few better recipients for a percentage of the blank videotape levy because, without the rich film heritage of the Archive, future video producers may find that our history—on moving pictures—is not exploitable for reissue on video because it just isn't there. Which also could be true of the cinema if rescuers do not ride over the horizon quickly.

France sets its sights on biotechnology future

600m francs plan over 3 years

BY STEPHANIE YANCHINSKI

THE FRENCH are launching a blitz on biotechnology, which the new minister of science and industry, M. Jean Pierre Chevènement, hopes will take them to the forefront of Europe by 1990.

The 10-year "mobilisation" plan just announced by Chevènement, discloses that his government will be spending 600m francs in the next three years to boost research and to inject needed cash into the budding biotechnology industry.

The plan also calls on industry to do its part and spend more than Ffr 1bn a year on biotechnology. Chevènement's ambition is ultimately to increase France's share of an estimated Ffr 250bn market from 7 to 10 per cent by the end of the decade.

Chevènement, both publicly and privately, has aggressively supported the notion that France's economic future lies in high technology, particularly electronics and biotechnology.

His appointment as Minister of Research and Industry particularly benefits biotechnology—which crosses departments dealing with basic research and others with industrial investment.

Processes

In Paris last week, he said that biotechnology was "vital to the future of our country," and that France was "worryingly" behind Japan and the U.S.

Pierre Douzou, head of the group of experts which prepared the report, made no bones about the state of French industry.

He said: "Biotechnology is no longer an art, as it was in whisky or cheese making, but a science. France has a lot of fermentation capacity, but no up-to-date processes suitable for the new biologicals."

He said that much of the money would have to be spent on transforming basic research in genetic engineering, enzyme technology and cell fusion into industrial reality through joint projects with industry.

About 40 "top secret" projects are under discussion with companies which form the future poles of French industrial development: Rhône Poulenc, Roussel Uclaf, Elf Aquitaine (and its pharmaceutical subsidiary Sanoel) and Produits Chimiques Ugine-Kuhlmann.



Jean Pierre Chevènement: an aggressive supporter of the future of French high technology

For some years, successive French governments have realised that rapid investment in biotechnology was essential in order to ensure future economic survival by strengthening the weakness in French industry. Perhaps surprisingly for the country of Louis Pasteur, the French pharmaceutical industry entered antibiotic production only very slowly, although the Institut Merieux is one of Europe's largest suppliers of vaccines.

France is particularly strong in the production of food supplements such as vitamins and amino acids, but has lagged behind in the newer technologies of the sort which led to Rank Hovis McDougall's fungal food or ICI's single cell protein.

Guidance

France relies heavily on imported fertilisers. In order to change this, one of the main targets for research will be plant genetics for breeding "self fertilising" plants which can "fix" nitrogen.

Douzo has insisted all along that the government will not be "dirigiste" in its relationship with nationalised industry but will merely give guidance and encouragement where necessary.

While it is true that the ministry is unwilling to impose its will on these companies, nevertheless the government does have some priorities of its

own: to reduce the enormous import bill for fuel, and to assist France's farmers, who form a powerful lobby.

So one of the ministry's goals is to convince agribusiness of the profits to be made in upgrading low value products, such as biomass from sugar beet wastes, into fuel or chemicals.

Sceptics in the fuel industry doubt that pouring money into a "carburel" programme is economically sensible. However, Dr Ruston Villette, who heads Elf Aquitaine's biotechnology unit is not so sure, and he says: "In the case of risky projects such as this, the Government would finance some of it. In that case we would go along with it and after negotiations probably get something in return."

Industry, particularly the nationalised companies, is moving rapidly into biotechnology, but the gap between them and the fountaineheads of new ideas in universities and technical colleges is wider than in the U.S. or Britain. French scientists are by nature conservative and lack the entrepreneurial spirit of their colleagues abroad.

Classical

French university courses, too, focused until very recently on classical disciplines, ignoring the newer ones such as industrial microbiology and plant genetics, essential to biotechnology.

Nevertheless, the mobilisation plan depends for its success on drawing the academics and industry closer together. Pierre Douzou points out: "The big problem is not the level of finance in industry but the lack of communication between fundamental research and applied."

So the French plan is to lure scientists into industry with industrial fellowships, financial incentives and improved prospects of promotion.

The mission also recommended setting up technology transfer centres where scientists can work with their industrial counterparts in an academic atmosphere. Four are planned: in Compiègne, Toulouse and two in Paris.

Toulouse in particular, looks set to become a major focus of biotechnology activity in France, with Elf Aquitaine spending Ffr 100m on a new

biotechnology complex located near no less than three government laboratories all involved in biotechnology.

Ultimately, according to Douzou, the ministry hopes to see many such cells of researchers working with engineers from local industry dotted around the country.

In line with the government's regionalisation policy, the ministry hopes to entice the regional government into supporting local biotechnology industry as a way of easing unemployment in the rural areas.

A proportion of the Ffr 600m set aside in the mobilisation plan will be channelled through government investment agencies such as Anvar, Detsis or CODIS to "seed" these new industries. CODIS has recently put up a separate Ffr 500m over three years for 10 projects.

Two committees will oversee this bewildering network of nationalised companies, investment groups, universities and government agencies.

The Ministry of Research and Industry will administer the programme and promote inter-ministerial collaboration.

A national committee of experts similar to the "mission" will evaluate progress of the plan and set new directions. This interlocking chain of organisations, stretching like a fine wire into every corner of French life, clearly illustrates the concept of "filère" so dear to socialist hearts used to describe how industry and government will work together for the good of France.

It will need all of Chevènement's gaffe charm and celebrated talent for consensus politics to make sure that the grand strategy for French biotechnology succeeds.

This is especially so as French industry can fairly be accused of parochialism. Without an international network of established markets and powerful subsidiaries it is difficult to see France winning over its competitors in the U.S., Japan or even Britain.

The government is trying to change this by negotiating with countries such as Japan, Canada and Britain for laboratory-to-laboratory collaboration and the nationalised industries are busily acquiring subsidiaries abroad.

Stephanie Yanchinski is European Editor, *Biotechnology Newswatch*.

Gauges Lower price

IT IS ALWAYS pleasant to find an improved product at a smaller price than its predecessor. A new "tuning fork" bore gauge from electronic gauging specialists Systems E Controls costs £180-£240 depending on application. The older model costs about £280.

The new gauge employs a transducer across the gauging axis. Only 5mm in diameter and 18mm long, it is one of the smallest available anywhere. The one size transducer is suitable for through bores from 19-100mm diameter. Short bores down to 8mm can be gauged using fixed anvils. Half bridge and LVDT windings are available.

Because there is no pivoting movement the new gauge is more accurate, but perhaps its biggest single advantage is that it is sealed against dirt, the bane of production managers, and is unaffected by cutting oils and lubricants.

Replaceable sleeves are used to cater for different diameters. These slide over the central "tuning fork." The sleeves can be removed easily to allow for different sizes. Wear on the sleeve does not affect the performance of the gauge.

System E gauges are widely in use in the U.S. aerospace and UK motor and nuclear power industries.

Systems E Controls is to be found at 1, New Street, Leamington Spa, Warwick CV31 1HP (0925 29258).

Detection

A WAY of detecting cracks using an electromagnet has been developed by Airdox for ferrous materials. The new lightweight electromagnet system has to be used in conjunction with aerosol magnetic or fluorescent inks to show up surface defects.

The company says that its equipment is intended for on-site applications of structures or components. More information on 0734 56666.

IN CHILE
A SOUTH AMERICAN
GOOD INVESTMENT

International Public Tender
Shares of COPEC
Compañía de Petróleos de Chile S.A.
(CHILEAN PETROLEUM CO. S.A.)

The Corporación de Fomento de la Producción, CORFO (Chile's Production Development Corporation) kindly requests investors to submit offers for the purchase of 84,941,632 shares of Compañía de Petróleos de Chile, S.A. (COPEC), which represents 14.16% of the share capital of the company, of which 45,763,717 shares belong to CORFO and 45,763,717 belong to ENAP (Chile's State Petroleum Company), shares which are under CORFO control.

Rules and Background data covering this tender are available to investors, at Moneda 921, suite N° 822, Santiago, Chile, subject to payment of a \$ 5,000 fee (or US\$ equivalent).

Proposals should be forwarded in a sealed envelope, in duplicate, to: Vicepresidente Ejecutivo, CORFO, Moneda 921, suite 825, Santiago, Chile, no later than 10.00 AM, September 27, 1982.

All proposals will be opened before interested parties by CORFO'S Secretary General, who will administer this activity. CORFO reserves the right to accept the offer which, in their judgement, it deems to be in their best interest, or to reject all offers without offering explanations.

This tender will be conducted in accordance with the faculties granted by Law Decree N° 1068 of 1975, without being subject to the prescription of Law N° 18045.

MINISTER EXECUTIVE VICE-PRESIDENT
CORFO SANTIAGO, CHILE

Bank of Ireland
announces that with effect from close of business on the 3rd August, 1982 its Base Rate for Lending is reduced from 12% to 11½% per annum

Clydesdale Bank
BASE RATE
Clydesdale Bank PLC announces that with effect from 3rd August 1982 its Base Rate for lending is being reduced from 12% to 11½% per annum.

Hill Samuel
Base Rate
With effect from the close of business on August 3rd, 1982 Hill Samuel's Base Rate for lending will be reduced from 12 per cent to 11½ per cent per annum.

Interest payable on the Bank's Demand Deposit Accounts will be at the rate of 8½ per cent per annum.

Hill Samuel & Co. Limited
100 Wood Street, London EC2P 2AJ.
Telephone: 01-628 8011

Base Rate Change
BANK OF BARODA
Bank of Baroda announce that, for balances in their books on and after 3rd August, 1982 and until further notice their Base Rate for lending is 11½% per annum. The deposit rate on all monies subject to seven days' notice of withdrawal is 8½% per annum.

COMMODITIES AND AGRICULTURE

Companies and Markets

Indian crops hit by drought

NEARLY 75 per cent of India's agricultural land has been affected by severe drought conditions as a result of an erratic monsoon this year. Unofficial estimates are that there will be a loss of at least 8m tonnes of rice and other summer grains as a result. This means that foodgrain production in 1982-83 will be well below the 138m tonnes hoped for and will increase pressure on the government to make large-scale imports. A decision on this is expected in a few weeks. Mr Birendra Singh, India's agriculture minister, yesterday told parliament that the stock position was not bad and so far there had been no procurement of nearly 15m tonnes by government agencies. This is very near the record procurement of over 15m tonnes in 1978-79 and should help the government to maintain supplies for the public distribution system of ration shops. The countrywide drought is said to be worse than that which hit the country in 1979 and caused a 16 per cent drop in foodgrain production and a 4.5 per cent fall in gross national product. Recent rain has benefited crops somewhat but overall damage is still extensive. The drought is bound to affect production of commercial crops also and production of Jute, oilseeds and cotton will be lower than normal.

Thailand halts jute imports

By Jonathan Sharp in Bangkok THAILAND has stopped importing jute following a three-month period during which about 30,000 tonnes were bought, mostly from Bangladesh and China, because of local shortages. The Thai Trade Department said yesterday. The ban could be lifted, the Ministry said, depending on a review of Thailand's supplies. Last April local supplies amounted to about 200,000 tonnes, while requirements were estimated at 290,000 tonnes.

LONDON OIL SPOT PRICES

Table with columns for CRUDE OIL, PRODUCTS, and various oil types with their respective prices and changes.

GOLD MARKETS

Gold rose \$7 1/2 an ounce from Friday's close in the London bullion market yesterday to finish at \$349-350. The metal opened at the same level and rose to a high of \$354-354 1/2, reflecting a lower trend in U.S. interest rates. However some selling developed at these higher levels and the metal fell back. In Frankfurt the 12 1/2 kilo bar was fixed at DM 27,575 per kilo (\$152.95 per ounce) against DM 27,080 (\$348.80) previously and closed at \$349-350 on \$342-343. In Luxembourg the dollar per ounce equivalent of the 12 1/2 kilo bar at the fixing was \$351.5 compared with \$342.50 on Friday. In Paris gold was fixed at

Table showing Gold Bullion prices in various currencies like US, UK, and others.

COMPANY NOTICES

ARAB INTERNATIONAL BANK U.S. \$25,000,000 Floating Rate Notes due 1983 For the six months from August 3, 1982, to February 3, 1983, the Notes will carry an interest rate of 14 1/2 per cent. The interest payable on the relevant interest date, February 3, 1983, against Coupon No. 9 will be US\$74 1/2 per US\$1,000 Notes. Fiscal Agent: UNION DE BANQUES ARABES ET FRANCAISES - U.B.A.F. 120 Avenue Charles de Gaulle 92323 Neuilly sur Seine - France

Copper market rallies on U.S. interest rate hope

COPPER prices advanced strongly on the London Metal Exchange yesterday, continuing the upward trend started on Friday and wiping out some of last week's losses. Traders said there was no specific reason for the rise, except that the market had been depressed last week. Sentiment was affected by hopes of a further decline in U.S. interest rates and the consequent increase in gold. At the same time there still concerns over the possibility of a copper "squeeze" developing if the Chinese decide to take delivery of recent forward purchases. The gap between the cash price and three months quotation narrowed again yesterday; higher grade cash copper gained \$24 to \$288.8 a tonne, while the three months price was \$20.75 up at \$287.25 a tonne. The gap between the cash price and three months quotation narrowed again yesterday; higher grade cash copper gained \$24 to \$288.8 a tonne, while the three months price was \$20.75 up at \$287.25 a tonne. The gap between the cash price and three months quotation narrowed again yesterday; higher grade cash copper gained \$24 to \$288.8 a tonne, while the three months price was \$20.75 up at \$287.25 a tonne.

Rubber group calls for more funds

KUALA LUMPUR—The International Natural Rubber Organisation (INRO) is to make a fourth call-up of funds from producer and consumer member countries to enable it to continue operations of its buffer stock. The amount would be 200m ringgit (\$49m) bringing to some 700m ringgit the contributions from INRO members since last October. Under the Rubber Agreement the funds are to be used to call for more funds in the next four months. In late May, Malaysia initiated a move by producers

BRITISH COMMODITY MARKET

Table showing prices for BASE METALS, SILVER, COPPER, TIN, and COCOA.

COFFEE

Table showing prices for COFFEE in various grades.

LEAD

Table showing prices for LEAD in various grades.

ZINC

Table showing prices for ZINC in various grades.

NICKEL

Table showing prices for NICKEL in various grades.

Australia to study tin producer's association

KUALA LUMPUR—Australia has agreed to study the Tin Producers' Association formed by Malaysia, Thailand and Indonesia. The Malaysian government said here that Prime Minister Mahathir Mohamed had briefed visiting Australian Premier Malcolm Fraser, on the objectives of the association in their first round of talks. Malaysia has already asked Australia to join the association. Mr Mahathir had said the tin producers' association was the only way for commodity producers to ensure remunerative returns. The Malaysian Prime Minister said commodity prices

Fall in banana output

KINGSTON, Jamaica—Banana output in 1981 by the 11 members of the International Banana Association (IBA) fell 3.3m tonnes to 63.3m from 1980, according to figures from the Jamaica Baudite Institute (JBI). The IBA groups Australia, the Dominican Republic, Guyana, Ghana, Guinea, Haiti, Indonesia, Jamaica, Sierra Leone, Suriname and Yugoslavia. The JBI, quoting preliminary figures by the World Market Statistics Bulletin, said 1981 world banana output was 87.9m tonnes, 4.3 per cent down on 1980. It said Australia's 1981 output fell 4.6 per cent to 25.8m tonnes, Guinea's by 1.9 per cent to 11.7m, and Jamaica's by 3.3 per cent to 11.6m.

Sugar prices steady

WORLD sugar prices were steady yesterday in spite of Cuban President Fidel Castro's warning that his country will not be cutting production and exports from the French sugar intervention board that climatic conditions in Europe favoured a good crop. While admitting to difficulties because of low world prices, President Castro claimed that Cuba was protected in its dealings with other Communist countries against sharp increases in the relative price of its sugar goods. Cuba's sugar production in 1982 was 8.2m tonnes, of which the Soviet Union is expected to buy 3m tonnes and the rest of the Communist bloc a further 1m tonnes. The Soviet Union will pay three to four times world prices for its Cuban sugar. In Paris the French Sugar Intervention Board (FIRS) has claimed in its monthly bulletin that the weather conditions coupled with storms over much of Europe will have been favourable to both their own and other continental crops. It estimated French output at 4.4m tonnes as against 5.44m last year.

Wool futures

Table showing prices for WOOL FUTURES in various grades.

TEA AUCTIONS

Table showing prices for TEA AUCTIONS in various grades.

Wool futures

Table showing prices for WOOL FUTURES in various grades.

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Sugar prices steady

WORLD sugar prices were steady yesterday in spite of Cuban President Fidel Castro's warning that his country will not be cutting production and exports from the French sugar intervention board that climatic conditions in Europe favoured a good crop. While admitting to difficulties because of low world prices, President Castro claimed that Cuba was protected in its dealings with other Communist countries against sharp increases in the relative price of its sugar goods. Cuba's sugar production in 1982 was 8.2m tonnes, of which the Soviet Union is expected to buy 3m tonnes and the rest of the Communist bloc a further 1m tonnes. The Soviet Union will pay three to four times world prices for its Cuban sugar. In Paris the French Sugar Intervention Board (FIRS) has claimed in its monthly bulletin that the weather conditions coupled with storms over much of Europe will have been favourable to both their own and other continental crops. It estimated French output at 4.4m tonnes as against 5.44m last year.

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Pyrethrum hit by lack of good marketing

100,000 pyrethrum growers in Kenya, who belong to 40 co-operatives, have been hit by a lack of good marketing. In the 1970s co-operatives with consistent under-production drove many regular customers into the arms of competitors. When pyrethrum prices proved too volatile, there was a widespread switch to synthetic pyrethroids. Although a number of synthetics are cheaper and some more effective in specific areas, none possesses the all-round versatility of natural pyrethrum. If production could be regularised and the market made stable, pyrethrum could regain sales. Between 1973-79, through a blend of inefficiency and short-sightedness, the industry languished. Sensing a possible collapse of a valuable exchange earner, the Board raised producer prices by 87 per cent overnight. Growers responded with a 52 per cent larger crop. A further rise in the following year resulted in a record harvest of 16,900 tons of crop. The Board, however, the field is estimated at 18,500 tons. However, almost half the 1981 crop remains unsold, and as a result the Board has suspended payments to growers. Many have not been paid for nine months. Relations between growers and the Board remain bitter and many growers are threatening to uproot the pyrethrum plants and replant with potatoes; others feel that the Government should meet the Board's debts. The Board estimates a 30 per cent increase in sales this year. But growers will not be satisfied by simply being paid for what is sold; they want money for the stockpile they have helped to build up. Their claims are mounting to 50,000 shillings and no Government assistance in sight, growers are going to be reluctant to take a gamble on increasing planting. The Pyrethrum Marketing

Clyde herring season ends

By Our Commodities Staff THE 1982 fish of Clyde herring season is to end on Friday, three months after its opening. The Ministry of Agriculture announced yesterday that vessel licences used this vessel licences were suspended from 8 a.m. on August 6 to avoid catches exceeding the 2,500 tonnes limit set for this year. The fishery was opened on May 2. Mackerel catches will also have to pack up their nets as their licences are being suspended to avoid the risk of by-catches taking the herring haul above the area quota.

AMERICAN MARKETS

Table showing prices for AMERICAN MARKETS including metals, oil, and other commodities.

EUROPEAN MARKETS

Table showing prices for EUROPEAN MARKETS including wheat, oil, and other commodities.

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Table showing various financial indices like Dow Jones, FTSE, etc.

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Shares fall

Komatsu exports jump by 47%

BY RICHARD HANSON IN TOKYO

A SHARP jump in exports carried Komatsu, Japan's leading construction equipment maker, and number two in the world after Caterpillar of the U.S., to record parent company sales and net profits in the six months ended June 30. Sales rose 17.7 per cent from a year earlier to ¥319.2bn (\$1.3bn) while net profit was up 22.6 per cent to ¥15.35bn.

The strength of the company's performance appears to be the exception rather than the rule among international producers of construction machinery, Caterpillar, by comparison has reported a deep slump in sales and profit so far this year. Some factors — especially exchange rate movements — which worked in Komatsu's favour were the bane of Caterpillar.

Komatsu's exports advanced by 47 per cent to account for an unprecedented 63 per cent of its total parent sales compared with 50 per cent a year ago. The export boom was apparently fuelled by the yen's weakness over the past few months. Caterpillar, on the other hand, faced with a much strengthened dollar suffered, on a consolidated basis, an 18 per cent drop in non-U.S. sales for the April-June quarter.

The Japanese group's exports to the depressed U.S. market fell, but were up in other regions, including Southeast Asia and the Middle East. Exports of bulldozers and dump truck models increased by 30 to 60 per cent over year ago levels.

On the other hand, Komatsu's domestic sales fell by 12 per cent. The company holds out little hope for any recovery in the near future, and expects sales growth to continue to depend on far flung export markets. For the full year it expects sales to increase to ¥640bn, against ¥567.4bn last year and net profits to ¥31.5bn against ¥27.23bn.

Komatsu's sales, on a consolidated basis, are still less than half those of world giant Caterpillar. It is spending heavily, however, to increase its technological strength. Much of a ¥36bn capital spending budget for this year, compared with ¥27bn in 1981, is being poured into a new central research laboratory.

Bouygues sells stake in insurance company

By David White in Paris

BOUYGUES, the French construction concern, has decided against taking its takeover plan for the Drouot insurance group to a court of appeal, and has sold back all the shares it bought earlier this year.

The re-sale was made at the original purchase price of about FFr 500m (\$74m), plus five months' interest.

The shares were originally bought by Bouygues in February—a 66 per cent stake from Patrimoine-Participation and a 31 per cent stake from Societe Nouvelle de Participations, both holding companies.

Patrimoine-Participation has also now bought back the shares which Bouygues subsequently purchased from minority shareholders under its commitment to support the stock market price.

A commercial court ruled in June that the takeover was null and void. Major shareholders in Patrimoine-Participation had accused the chairman of the holding company of acting without their consent.

BSN Gervais Danone, the leading foods group in France, reports group sales of FFr 10.75bn for the first half of 1982, compared with FFr 9.68bn a year earlier.

World International (Holdings) Limited

1981/82 Results

The Board of Directors of World International (Holdings) Limited is pleased to announce that total profit attributable to shareholders of the Company for the year ended 31st March, 1982 amounted to HK\$477.2 million, representing an improvement of 38% over HK\$346.5 million for the prior year and earnings per ordinary share of 34.4 cents. Profit before extraordinary items increased by 97% to HK\$445.6 million from HK\$225.9 million, and extraordinary items for the year amounted to HK\$31.6 million. Earnings per ordinary share before extraordinary items were 31.8 cents (1980/81—25.0 cents after adjusting for the 1 for 5 capitalisation issue in August 1981).

The Board is recommending a final dividend of 7.5 cents per ordinary share, absorbing HK\$90.7 million in respect of ordinary shares. Together with the Interim Dividend of 4.5 cents per ordinary share paid in January 1982, the total recurrent dividend of 12.0 cents per ordinary share represents an increase of 20% compared to the 10.0 cents paid for the previous year on an adjusted basis. The final dividend will be paid on 20th September, 1982 to holders of ordinary shares on record as at 10th September, 1982.

The Annual General Meeting is convened for 10th September, 1982. The Register of Members will be closed from 1st September, 1982 to 10th September, 1982, both days inclusive, and in order to qualify for the above dividend all transfers, accompanied by the relevant Share Certificates, should be lodged with the Company's Registrars, Central Registration Hong Kong Limited, not later than 4.00 p.m. on 31st August, 1982.

Your Board considers that, barring unforeseen circumstances, the dividend per ordinary share for the year ending 31st March, 1983 can be maintained at the same level as 1981/82.

By Order of the Board
World-Wide Secretaries Limited
Secretaries

Hong Kong, 30th July, 1982.



WORLD INTERNATIONAL (HOLDINGS) LIMITED

ITT deal satisfies France

By David Marsh in Paris

THE FRENCH Government yesterday declared itself satisfied with the final terms agreed at the end of last week for the purchase of CGCT, the telephone exchange manufacturing subsidiary of ITT.

The deal, which completes the Government's nationalisation programme, centred around the sides' acceptance of a price-tag of \$50m for CGCT and its three associated companies.

This was the same price as in an earlier agreement at the beginning of July. The French Ministry of Research and Industry re-opened negotiations towards the end of last month to try to clinch a lower price, claiming that the earlier one did not take account of the full extent of CGCT's recent losses.

It is now satisfied, however, with ITT's undertaking to pay in addition for any losses exceeding FFr 100m for the first nine months of this year.

CGCT lost FFr 145m in 1980, and FFr 6m last year. The deficit has increased again this year above all because of a cut in telecommunications orders from the Paris Government.

Additionally, the Ministry has agreed with ITT to pay for the transaction in francs—a total of FFr 350m in two stages—rather than dollars. This will protect the French Government from any exchange rate losses resulting from another rise in the dollar.

The Ministry now has to concentrate on the details of integrating CGCT into the Government's overall plan for the restructuring of the electronics industry.

The outline of the plan was announced last week, but details will not be finalised until September.

Swiss Volksbank sees upturn

By John Wicks in Zurich

SWISS VOLKSBANK expects improved earnings this year. In a mid-year report, the bank says that second-quarter results were up, helped by a series of measures aimed at raising profitability and cutting costs.

In 1981 net profits fell from SwFr 68.8m to SwFr 36m (\$17.6m), leading to a halving of the dividend to 7 per cent. The setback followed a sharp decline in interest earnings and

high exchange-rate losses. In the same year, SwFr 137.8m was provided against silver-trading losses.

Swiss Volksbank now reports improved profits from interest business in the second quarter in comparison both with the previous year and with the first quarter, the result of a continuing normalisation of interest levels. Earnings from non-credit business developed

"in keeping with market conditions" while costs were within budget.

In view of the deterioration in the economy, however, the bank says provisions against credit risks could increase.

The balance sheet total was SwFr 18.67bn at end-June. Deposits were SwFr 14.78bn and advances totalled SwFr 14.17bn.

Ford to spend more in Australia

By our Sydney correspondent

SIR BRIAN INGLIS, the new managing director of Ford Asia-Pacific, said Ford Australia was planning to spend A\$500m (U.S.\$496m) over the next five years.

The Australian car market is currently enjoying boom conditions, despite the recession, and the investment will be used to fund retooling and a largely automatic manufacturing plant.

Ford, which currently has about 24 per cent of Australian car sales, is spending A\$75m on a new four-cylinder engine

plant near Melbourne for the company's Cortina replacement, based on the Mazda 626.

The company spent A\$7m last Christmas at Melbourne installing a robot welding line that has helped boost the company's productivity by 31 per cent since 1980.

Mr Gordon Jackson is stepping down as general manager of CS at the end of the year. He will be succeeded by Mr Brian Kelman, a deputy general manager of the company since 1972, and a member of the main board since 1973.

In 10 years at the helm, Mr Jackson has supervised one of the most aggressive expansion programmes seen in Australia, reducing CSR's dependence on sugar refining, and converting it into a diversified energy group.

Its main growth areas now include coal, iron ore, integrated aluminium production, and oil and gas, via its purchase of Delta Petroleum, which owns major properties in the Cooper Basin.

Australian paper group reports increased profits

By Michael Thompson-Noel in Sydney

AUSTRALIAN PAPER Manufacturers, one of the country's largest paper and packaging concerns, has reported a 14 per cent rise in profits for the year ended June from A\$55.4m to A\$63.3m (U.S.\$63.1m).

The company has maintained the final dividend at 9.5 cents a share, making the year's payout 16.5 cents. Earnings per share rose marginally, from 30.4 cents to 30.6 cents a share. Group sales were A\$1.02bn A\$822m.

The figures released yesterday were unaudited but the company said it was reporting them

to help quash adverse earnings predictions which were burning rights trading. It is at present making a A\$32m one-for-seven rights issue to fund a major expansion of its Maryvale woodpulp mill.

The results took in a full contribution from Containers Ltd, which was acquired early last year for A\$194m. The unaudited figures did not reveal the Containers' contribution to group sales and profit, but it is thought to have accounted for all the profit increase, and for much of the increase in sales.

GIB earnings up 86% so far

By Mary Frings in Bahrain

GULF International Bank (GIB), one of the major Bahrain institutions, lifted its 1982 interim net earnings to \$24.8m, an 86 per cent improvement.

The loan portfolio has almost doubled to \$2.5bn despite a slowdown in the rate of growth during the past three months.

However, GIB is becoming increasingly active in the securities market and has played a management role in five or six new issues in 1982. Assets totalled \$5.2bn at June 30 up from \$3.7bn a year earlier.

Key meeting cancelled in Gencor dispute

By our Johannesburg correspondent

THE RIFT which has appeared in the facade of South Africa's normally monolithic Afrikaaner business establishment seems unlikely to be repaired soon.

Two pillars of the establishment—Rembrandt, the liquor and tobacco giant, and Sanlam, the country's second largest insurance group—remain at loggerheads over the future direction of Gencor, the country's second largest mining house.

In the latest development, a special Gencor shareholders' meeting set for August 5 has been cancelled amid threats of further court action.

Rembrandt and Sanlam clashed openly two months ago when Sanlam, which held just more than half of the shares of Federale Mynbou (Fedmy), which in turn controls Gencor,

decided to consolidate its position by increasing the number of directors on the Fedmy board from 12 to 15. The additional three directors were to have been Sanlam appointees.

This was seen by Rembrandt, which owns 30 per cent of Fedmy's equity, as a ploy both to fire Gencor's chairman, Dr Wim de Villiers, and to exclude Rembrandt from any real influence in Fedmy's affairs.

The latter point was particularly irritating for Rembrandt which had acquired its Fedmy interest in exchange for playing a pivotal role in Gencor's acquisition of Union Corporation, another mining house.

Rembrandt obtained a temporary court order blocking Sanlam's plans for Fedmy and the matter is scheduled for a Supreme Court hearing on August 17.

Meanwhile, the Fedmy board, which is controlled by Sanlam, called for a special meeting of Gencor to be held on August 5. Shareholders would vote in particular on a resolution which would allow a director or directors of any institution controlling 50 per cent or more of the mining group's shares, to dismiss any director or employee of Gencor or its subsidiaries.

Proxy votes sought from Gencor's shareholders were analysed late last week by Sanlam. Subsequently, Fedmy and Gencor announced that the August 5 meeting was cancelled because it had been improperly convened. A new date will be set.

Dr Anton Rupert, Rembrandt's chairman, said his company would seek a Supreme Court injunction to block a meeting if another is called. Rembrandt's subsidiary Partnership in Mining, was about to make such an application last week when the August 5 meeting was called off.

Dr Rupert claims that Sanlam's actions would force Gencor's directors to place more emphasis on the interests of the major shareholder, Sanlam, than on those of Gencor itself.

Sanlam, on the other hand, is adamant that it has absolute control of Gencor and that Rembrandt claims to special considerations are invalid.

Sanlam's management also rejects Rembrandt's contention that the insurance group is not responsible to anyone and its power threatens other South African companies.

New Issue

July 16, 1982

This announcement appears as a matter of record only.



Republic of Finland

Yen Bonds of 1982—Seventh Series

20,000,000,000 Japanese Yen

8.5% Bonds Due 1992

The Nomura Securities Co., Ltd.

- Daiwa Securities Co. Ltd. The Nikko Securities Co., Ltd. Yamaichi Securities Company, Limited
- The Nippon Kangyo Kakumaru Securities Co., Ltd. New Japan Securities Co., Ltd.
- Sanyo Securities Co., Ltd. Wako Securities Co., Ltd. Kokusai Securities Co., Ltd.
- Merrill Lynch Securities Company, Dai-ichi Securities Co., Ltd. Okasan Securities Co., Ltd.
- Osakaya Securities Co., Ltd. Tokyo Securities Co., Ltd. Yamatane Securities Co., Ltd.
- Bache Halsey Stuart Shields (Japan) Ltd., Smith Barney, Harris Upham International Incorporated, Tokyo Branch
- Koyanagi Securities Co., Ltd. Marusan Securities Co., Ltd. Toyo Securities Co., Ltd.
- The Kaisei Securities Co., Ltd. Mito Securities Co., Ltd. Vickers da Costa Ltd., Tokyo Branch
- The Chiyoda Securities Co., Ltd. Hinode Securities Co., Ltd. Ichiyoshi Securities Co., Ltd.
- Kosei Securities Co., Ltd. Maruman Securities Co., Ltd. Meiko Securities Co., Ltd.
- Naigai Securities Co., Ltd. The National Tabayashi Securities Co., Ltd. Nichiei Securities Co., Ltd.
- Takagi Securities Co., Ltd. The Toko Securities Co., Ltd. Towa Securities Co., Ltd.
- Utsumiya Securities Co., Ltd. The Nippon Securities Co., Ltd. Jardine Fleming (Securities) Ltd., Tokyo Branch
- Kansallis-Osake-Pankki Postipankki Union Bank of Finland Ltd.
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- Credit Suisse First Boston Limited Manufacturers Hanover Limited

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IDB INTERNATIONAL N.V.
U.S. \$50,000,000

Guaranteed Floating Rate Notes 1986
Unconditionally and irrevocably guaranteed as to
payment of principal and interest by

ISRAEL DISCOUNT BANK LIMITED

For the three months
29th JULY 1982 to 29th OCTOBER 1982
the Notes will carry an

interest rate of 13.1/2% per annum.
The relevant Interest Payment Date will be
29th OCTOBER 1982.

Bankers Trust Company, London
Fiscal Agent



U.S. \$50,000,000
Hapoalim International N.V.

Guaranteed Floating Rate Notes 1986

For the six months
4 August 1982 to 4 February 1983

The Notes will carry an
interest rate of 13 1/2% per annum
Coupon Value US\$699.58

Listed on The Stock Exchange, London
Agent Bank — National Westminster Bank PLC, London

WORLD STOCK MARKETS

Early Wall St. rally falters

Companies and Markets

NEW YORK

Table of stock prices for various companies in New York, including columns for Stock, July 29, and July 30.

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AN EARLY rally on Wall Street yesterday ran on steam late in the morning as buying interest, prompted by the latest interest rate reductions, including last Friday's half-point cut in the U.S. Discount Rate.

The Dow Jones Industrial Average, which had improved 6.09 by the 10.30 am calculation, was only a net 2.95 firmer at 811.55 at 1 pm. The NYSE All Common Index was up 43 cents on balance at 861.94, after touching 862.07. There was a fairly large turnover of 35.75 million shares.

Analysts said investors remain concerned that the rate declines are only temporary, and will soon start to rise again under the pressure of a heavy U.S. Treasury refunding.

Monte Gordon, of Dreyfus Corporation, also noted that investors are aware that rates are only coming down because of the continued weakness in the economy. Consequently, corporate profits will also continue to weaken.

The outlook for earnings must improve before the market can stage a sustained rally," he added.

Take-over situations attracted the most attention in the market. Heublein was the volume leader and rose 1 to 28 1/2. Heublein's stock was acquired by Grand through the purchase of stock worth about \$35.50 a share, or a total of some \$210m.

Grumman advanced 1 1/2 to 83 1/2 after reporting sharply higher earnings. Also, the Pentagon is favouring Grumman's F-14 Tomcat as the navy's fighter jet.

Closing prices for North America were not available for this edition.

THE AMERICAN SE Market Value Index recorded a net gain of 0.73 at 249.72 at 1 pm, after reaching 250.26 at 11.00 am. Volume 2.03m shares.

With other Canadian Exchanges closed for the Civic Day holiday, the Montreal market attracted very little activity early yesterday with prices showing a slightly easier tendency at mid-day.

After staging a good recovery on Saturday, the week's limited gains. Euro-mark bonds advanced at an even slower pace, they said, noting that investors are waiting for a similar signal from West Germany's Central Bank.

The Nikkei-Dow Jones Average managed a fresh gain of only 13.35 at 7,205.25, following Saturday's advance of 67.95. The Tokyo SE index was 1.72 higher at 532.66 after rising 3.40 on Saturday.

Volume came to a thin 150m shares against 200m on Friday and Saturday's half-day session total of 130m.

Export-oriented issues, such as Matsushita, Precision Instruments and Electricals, were preferred, along with Pharmaceuticals, but Nonferrous Metals eased.

Fuji Photo rose Y40 to Y1,440, Canon Y14 to Y770, Hitachi Y9 to Y677, Fujitsu Y11 to Y772, and Toshiba Y5 to Y555.

Yamaha Pharmaceuticals Y15 to Y840, Showa Y15 to Y840, Sony Y30 to Y3,250 and TDK Electronic Y100 to Y4,230.

Germany Bourse prices generally gained ground, with buyers reporting moderate activity. Interest rates were cut on Friday's half-point cut in the U.S. Discount Rate, which also prompted a rally on West German Bond markets.

The Commerzbank index picked up 3.9 to 684.6. Banks and Stores posted sizable gains. Bayerische Hypothekbank rose DM 4.58, Maybank Vertriebsbank DM 4.00, Commerzbank DM 2.30, Deutsche Bank DM 1.90 and Dresdner Bank DM 1.70.

Karstadt advanced DM 3.50 in Stores, while Herten and Kaufhof added DM 3 apiece. Volkswagen climbed DM 3.10, while Engineering had its up DM 4 and GEB DM 5.50 stronger.

Prices for Domestic Bonds moved up on a broad front, but traders noted fears of a technical downturn in the week's limited gains. Euro-mark bonds advanced at an even slower pace, they said, noting that investors are waiting for a similar signal from West Germany's Central Bank.

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Overseas Union Bank, which is currently making a rights issue, lost 25 cents to \$34.45. Overseas Chinese Banking Corp. slipped 20 cents to \$37.70.

Among Industrials, Sembawang Shipyard dipped 14 cents to \$32.25, National Iron 35 cents to \$35.95, Cold Storage 18 cents to \$33.58 and Fraser and Neave 20 cents to \$35.50.

Hong Leong Finance shed 15 cents to \$36.20, while Hotels had Overseas Union Enterprises down 40 cents to \$35.90. In the Properties sector, Singapore Land lost 15 cents to \$36.30 and Selangor Properties 12 cents to \$33.75.

Switzerland A weaker U.S. dollar and expectations that U.S. short-term interest rates would continue to ease caused a moderate rally in stock prices.

Broken noted that Bank shares, depressed for weeks by high interest rates, were regaining favour among investors following recent announcements by key Swiss commercial banks that they had cut their quarterly results had improved.

Among banks, Union Bank was up Sfr 20 to Sfr 2,770, Credit Suisse Sfr 15 to Sfr 1,620 and Swiss Bank Sfr 6 to Sfr 777.

Australia The Sydney market was closed yesterday for a local holiday, while the Melbourne Exchange saw very thin trading conditions. Some leaders in Melbourne, however, advanced a few points, mainly from overseas, with the market encountering little selling.

BHP finished 6 cents higher at A\$7.02, while CSR rose 9 cents to A\$2.54. BHP's quarterly earnings were A\$3.05 and CSR's 3 cents to A\$3.18.

Hong Kong Markets were closed yesterday for the First Monday in August holiday.

INDICES

Table of stock indices for New York, including columns for Index, July 29, and July 30.

NEW YORK

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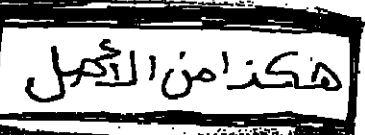
NEW YORK

Table of stock indices for New York, including columns for Index, July 29, and July 30.

Base values of all indices are 100 except Australia, All Ordinaries and Nikkei-225. NYSE All Common-50 Standard and Poors-100. The last market based on 1975. Excluding bonds, 1,400 Industrials, 1,400 Industrials, 40 Utilities, 40 Financials and 20 Treasuries. C. Closed.

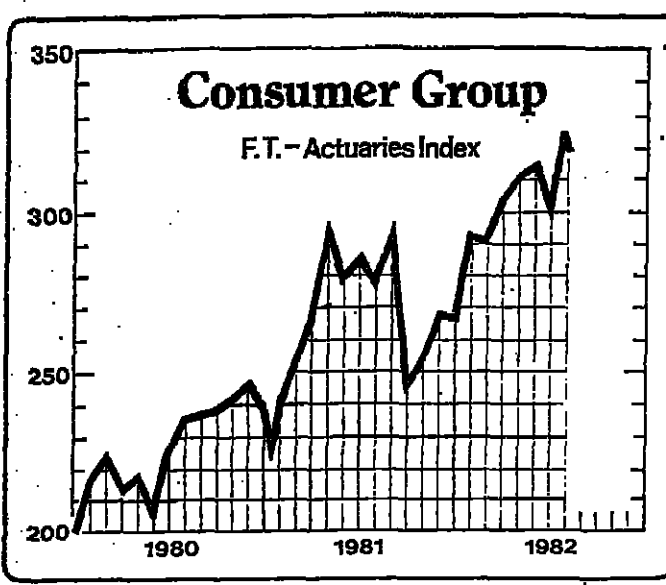
Companies and Markets

LONDON STOCK EXCHANGE



Gilts strong as reduced U.S. interest rates give fresh boost to confidence—Equity leaders inclined harder

Account Dealing Dates
Option
First Declared Last Account
Dealing Date Dealings Day
19 July 29 July 30 Aug 9



Market and touched 13p before closing at 12 1/2. 840-issuats, which made a successful debut in the USM last week, met fresh support and touched 66p before settling a net up at 62p.

demand left Kwik Save 4 dearer at 258p. Hilliards touched 17p before closing a net up at 17 1/2 following preliminary profits in line with market estimates.

Johnson Cleaners fall
Johnson Group Cleaners lost 18 to 262p, after 261p, in miscellaneous industrials on the low level of acceptances to the reverse takeover bid from Sunlight Services and on fears that the offer might, after all, be referred to the Manopolies Commission.

reacted to close 14 down on balance at 178p.
Gold shares opened the new account in fine form, continuing the advances seen towards the end of last week.

Golds up again
Gold shares opened the new account in fine form, continuing the advances seen towards the end of last week.

However the metal's unsteadiness later in the day, coupled with light profit-taking from the Continent and the U.S., resulted in many of the leaders closing about half a point below the best levels.

Financials showed similar improvements, as in Johannes, a point and a half to the good at 231, Anglo, up 1 to 233, and Gold Fields of South Africa, 2 better at 232.

London Financials gained ground in quiet conditions, with Anglo American, Anglo Overseas and Anglo Zulu & Natal all up 10p to 405p, Anglo Overseas at 230p both ended 10 stronger.

Share index in July
The July average of the Industrial Ordinary share index was 559.7; the figure in last Saturday's issue was in error.

Options
First Last For Deal- Declara- Settling- ings Oct Nov Dec
Aug 23 Sept 3 Oct 23 Nov 25 Dec 6

Oil's neglected
Interest in Oil's was at a low ebb and leading quotations barely stirred. Among secondary issues, renewed demand in a thin market lifted Sun Oil 15 to 120p, while Shell advanced 5 to 85p.

Shipments featured long-time speculative favourite Reardon Smith which advanced 6 to 85p with the A 5 up at 50p. Gotland Larsen held at 220p despite the interim profits setback.

Interim profits from major Marks and Spencer supplier Nottingham Manufacturing fell 10p to 120p, while the shares, which had risen to the year of 30p on lack of support.

Shares up again
The improvement in gold, and a slight upturn in the platinum price, helped Impala, 8 firmer at 246p, Rustenberg, 6 to the good at 186p, and Lydenburg, up 4 to 122p.

Table with 7 columns: Index Name, Aug 2, July 30, July 29, July 28, July 27, July 26, Year ago. Rows include Government Secs, Fixed Interest, Industrial Ord, etc.

70 sm 555.0, 51 sm 557.1, Noon 557.7, 1 pm 557.8, 2 pm 558.0, 3 pm 557.8.

Table with 4 columns: Index Name, High, Low, Since Compl'n, S.E. ACTIVITY. Rows include Govt. Secs, Fixed Int., Ind. Ord., Gold Mines.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with 10 columns: Index Name, Mon Aug 2, Fri Jul 30, Thu Jul 29, Wed Jul 28, Tue Jul 27, Year ago. Rows include CAPITAL GOODS, CONSUMER GROUP, INDUSTRIAL GROUP, etc.

Table with 4 columns: Index Name, Mon Aug 2, Fri Jul 30, Year ago. Rows include FIXED INTEREST, AVERAGE GROSS REDEMPTION YIELDS.

NEW HIGHS AND LOWS FOR 1982

Table with 2 columns: Index Name, Value. Rows include BRITISH FUNDS, CORPORATION LOANS, COMMONWEALTH LOANS, NEW HIGHS, NEW LOWS.

WORLD VALUE OF THE POUND

Table with 4 columns: PLACE AND LOCAL UNIT, VALUE OF £ STERLING, PLACE AND LOCAL UNIT, VALUE OF £ STERLING. Rows include Afghanistan, Albania, Algeria, etc.

RECENT ISSUES

Table with 4 columns: Issue Name, Price, High, Low. Rows include Anglo-Nordic, Antofagasta, etc.

FIXED INTEREST STOCKS

Table with 4 columns: Issue Name, Price, High, Low. Rows include Anglo Overseas, Anglo Zulu & Natal, etc.

"RIGHTS" OFFERS

Table with 4 columns: Issue Name, Price, High, Low. Rows include Applied Computer Tech, Anglo Overseas, etc.

ACTIVE STOCKS

Table with 4 columns: Stock Name, Closing price, Day's change, Stock Name, Closing price, Day's change.

FRIDAY'S ACTIVE STOCKS

Table with 4 columns: Stock Name, Friday's closing price, Day's change, Stock Name, Friday's closing price, Day's change.

RISES AND FALLS YESTERDAY

Table with 2 columns: Index Name, Rises, Falls, Same. Rows include British Funds, Corp. & Dom. Bonds, etc.

NEW HIGHS AND LOWS FOR 1982

Table with 2 columns: Index Name, Value. Rows include BRITISH FUNDS, CORPORATION LOANS, COMMONWEALTH LOANS, NEW HIGHS, NEW LOWS.

CURRENCIES and MONEY

Dollar weak

The dollar was sharply down from Friday's levels in London as the market reacted to a further cut in the U.S. discount rate to 11 per cent and more major banks cutting prime rates to 15 per cent.

Sterling was weaker against the dollar, but yesterday's trade figures appeared to have little immediate effect on sterling.

STERLING — Trade-weighted index 91.7 against 91.5 at noon, 91.4 at the opening and 91.5 on Friday (91.5 six months ago).

D-MARK — EMS member (weakest). Trade-weighted index 125.5 against 125.1 on Friday (125.3 six months ago).

(5.8 per cent previous month) — The D-mark showed mixed changes at yesterday's fixing in Frankfurt. The dollar and sterling both stood ground while the Dutch guilder, French franc and the Swiss franc were all stronger.

ITALIAN LIRA — EMS member (strongest). Trade-weighted index 54.0 against 53.8 on Friday (54.1 six months ago).

SWISS FRANC — Trade-weighted index 146.3 against 146.2 on Friday and 152.1 six months ago.

THE POUND SPOT AND FORWARD

Table with columns: Country, Day's spread, Close, One month, Three months, % change. Includes US, Canada, UK, Ireland, Denmark, West Germany, Spain, Italy, Norway, France, Sweden, Japan, Austria, Switzerland.

THE DOLLAR SPOT AND FORWARD

Table with columns: Country, Day's spread, Close, One month, Three months, % change. Includes UK, Ireland, Canada, US, Belgium, Denmark, West Germany, Spain, Italy, Norway, France, Sweden, Japan, Austria, Switzerland.

CURRENCY MOVEMENTS

Table with columns: Bank of England, Morgan Guaranty, August 2, August 1, August 2, August 1. Lists various currencies and their movements.

CURRENCY RATES

Table with columns: Country, Rate, Note Rates. Lists exchange rates for various countries like Argentina, Brazil, Canada, etc.

OTHER CURRENCIES

Table with columns: Country, Rate, Note Rates. Lists exchange rates for countries like Australia, Hong Kong, India, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: ECU, Currency amounts, % change, Divergence. Lists rates for various European currencies.

EXCHANGE CROSS RATES

Table with columns: Aug. 2, Pound Sterling, U.S. Dollar, Deutsche Mark, etc. Lists cross rates between major currencies.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 2)

Table with columns: 3 months U.S. dollars, 6 months U.S. dollars. Lists interbank fixing rates.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table with columns: Aug. 2, U.S. Dollar, Canadian Dollar, Dutch Guilder, etc. Lists interest rates for various Euro-currencies.

MONEY MARKETS

Bank cuts dealing rates

UK clearing bank base lending rate 11 per cent (since July 30 or August 2 and 3). Downward pressure on UK interest rates yesterday as the Bank of England cut its dealing rates by 1/2 per cent.

In Paris the Bank of France lowered its bid and offered rates for 500m quoted by the market to reference banks at 11 per cent each working day.

In Amsterdam the Dutch central bank supplied an additional F1.24bn of liquidity to the money market over a ten-day period at 9 per cent.

EUROCURRENCIES

\$ rates fall

Euro-dollar rates were down sharply on Friday as the market reacted to a further cut in the U.S. discount rate to 11 per cent.

Euro-sterling rates were also weaker in response to further reductions in domestic rates with the Bank of England again cutting its dealing rates.

The dollar's discount in forward trading narrowed sharply against sterling, moving to small premium at the short end.

MONEY RATES

LONDON MONEY RATES

Table with columns: Prime rate, Fed funds, Treasury bills, etc. Lists London money rates.

NEW YORK

FRANCE

GERMANY

JAPAN

Table with columns: Prime rate, Fed funds, Treasury bills, etc. Lists money rates for New York, France, Germany, and Japan.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Large table listing various unit trusts and their details, including names, managers, and performance metrics.

Handwritten text at the bottom of the page, possibly a signature or note.

INSURANCES

Table of insurance companies and their financial data, including Abbey Life Assurance Co. Ltd., ABEV Life Assurance Ltd., and various international insurers.

INSURANCE & OVERSEAS MANAGED FUNDS

Large table listing various insurance and managed funds, such as Life Assur. Co. of Pennsylvania, Norwich Union Insurance Group, and numerous international investment funds.

Table of international and offshore managed funds, including Guinness Mahon Int'l Fund, Hambro Pacific Fund Mgmt. Ltd., and various global investment vehicles.

OFFSHORE AND OVERSEAS

Table of offshore and overseas financial products, including Fidelity International, Agic Investment, and various international funds.

NOTES: Prices are in pence unless otherwise indicated. All prices are as at 11.30 a.m. on the date of publication.

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

That's BTR
CONSISTENT CONSISTENT CONSISTENT CONSISTENT CONSISTENT CONSISTENT

LOANS—Continued
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Financial', 'Building Societies', 'Foreign Bonds & Rails'.

BANKS & H.P.—Cont.
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Bank of America', 'Bank of Montreal', 'Bank of New York'.

CHEMICALS, PLASTICS—Cont.
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Amchem', 'Bayer', 'Dow Chemicals'.

ENGINEERING—Continued
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Allwell Group', 'Allison Works'.

Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Bread Walkers', 'Coca-Cola'.

BRITISH FUNDS
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Shorts (Lives up to Five Years)', 'Five to Fifteen Years', 'Over Fifteen Years'.

FOREIGN BONDS & RAILS
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'For Amounts up to 1000', 'Recent Issues'.

HIRE PURCHASE, ETC.
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Hire Purchase, etc.', 'Finance'.

DRAPERY AND STORES
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Debenhams', 'Debenhams Retail'.

Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'A&P', 'A&P Retail'.

HOTELS AND CATERERS
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'A&P', 'A&P Retail'.

AMERICANS
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Alcoa', 'Amalgamated', 'American Express'.

BEERS, WINES AND SPIRITS
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

BUILDING INDUSTRY, TIMBER AND ROADS
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

ELECTRICALS
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

INDUSTRIALS (Miscel.)
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

INDEX-LINKED & VARIABLE RATE
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

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Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

CANADIANS
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

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Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

CORPORATION LOANS
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

BANKS AND HIRE PURCHASE
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

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Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

COMMONWEALTH AND AFRICAN LOANS
Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

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Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

Now read the FT at your leisure
You don't have to worry about what is happening in the world when you are on holiday as the Financial Times is on sale in holiday resorts throughout Europe.

Table with columns: Stock, Price, Div, Yield, etc. Includes entries like 'Aldwych', 'Aldwych Retail'.

NOMURA Securities Co. Ltd. Japan's leader in international securities and investment banking. Nomura International Limited, 3 Gresham Street, London EC2A 3DF Tel: 011-233-9911

INDUSTRIALS - Continued. Table listing various industrial stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

LEISURE - Continued. Table listing leisure-related stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

PROPERTY - Continued. Table listing property-related stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

INVESTMENT TRUSTS - Cont. Table listing investment trusts with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

OIL AND GAS - Continued. Table listing oil and gas stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

MINES - Continued. Table listing various mining stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Central African. Table listing Central African mining stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Australian. Table listing Australian mining stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Tins. Table listing tin stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Miscellaneous. Table listing miscellaneous stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

PLANTATIONS. Table listing plantation stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Rubbers, Palm Oil. Table listing rubber and palm oil stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

TEAS. Table listing tea stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

MINES. Table listing various mining stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Central Rand. Table listing Central Rand mining stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Eastern Rand. Table listing Eastern Rand mining stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Far West Rand. Table listing Far West Rand mining stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

O.F.S. Table listing O.F.S. stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Finance. Table listing finance stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

OIL AND GAS. Table listing oil and gas stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Diamond and Platinum. Table listing diamond and platinum stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Regional and Irish Stocks. Table listing regional and Irish stocks with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Options. Table listing options with columns for High, Low, Stock, Price, Div, Yld, and %Chg.

Recent Issues and Rights Page 23. This service is available to every company that is a member of the London Stock Exchange.

Room to grow

Your first step to obtaining... Room to grow... City of Kingston upon Hull

FRESH TALKS BEGIN AS SEALINK WORKERS ACT

Strike threat to all ferries

BY BRIAN GROOM AND ANDREW FISHER

ALL FERRIES between Britain and the Continent will be halted unless the Sealink strike is resolved by peace talks which began last night...

savings of £1.2m from the pay bill of 570 NUS members at Harwich... This would include a saving of £1m on passenger ferries to the Hook of Holland...

Sealink UK said yesterday it had received reports that the strike has led to major delays for its passengers or congestion at ports...

ships carry more than a million passengers a week in the holiday period... Folkestone services to France and Belgium were hit by the strike...

New EEC offer on U.S. steel exports

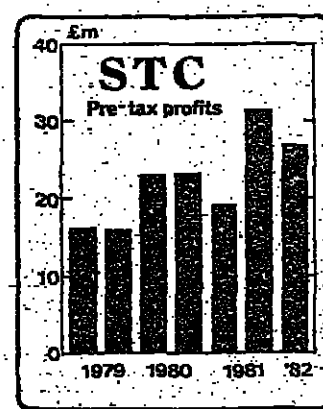
By our World Trade Staff and James Buchan in Bonn

THE EUROPEAN Community yesterday agreed on a new offer to reduce its steel sales to the U.S....

THE LEX COLUMN

Market's crossed line to STC

Index rose 1.7 to 558.2



STC is rapidly winning a reputation for catching the market off balance—and it has only itself to blame. Its ultra-conservative accounting policies and cautious attitude to releasing information leave plenty of room for fantasy when it comes to making projections...

From the point of view of the foreign exchange market, if not the clearing banks, the reduction in interest rates engineered by the British authorities this year has been beautifully managed...

generate progressively larger amounts of cash, of which it must now have piled up close to £60m. The Nottingham share price consequently trades at premium altitudes...

Both arguments are currently looking double-edged. The signs are that M & S may be losing some momentum. Certainly June was a poor month and indications are that volume growth may be slack over the summer...

Banco Ambrosiano

International bankers worrying about the \$400m owed to them by Banco Ambrosiano's Luxembourg subsidiary have been scanning their files in search of precedents that would define a parent bank's responsibility when one of its major subsidiaries goes to the dogs...

Nottingham Mfg.

Nottingham Manufacturing has put up a prolonged demonstration that it can increase volume through the recession, a case closely linked to the market-gaining achievements of its major customer Marks and Spencer...

£800,000 funds boost needed by Labour

By Philip Bassett, Labour Correspondent

LABOUR PARTY leaders estimate that the party needs about £800,000 if it is to be rescued from its current poor financial position by the end of next year.

An internal report acknowledges that for many years the party has been running at a loss, but says: "We have recently reached a position where we have not only no cash left but are facing continual heavy borrowing from the bank."

The party has an arrangement for a £500,000 overdraft at a commercial rate of interest. Up to about three years ago its bank account was only rarely overdrawn, but an overdraft was necessary from last October to the end of last year.

The statement says: "This year it has been needed from March onwards and the need will continue."

A "substantial" overdraft is expected to be required from September onwards, rising to the £500,000 maximum by the end of the year.

This total makes no allowance for staff pay increases, over which the party's employees are taking industrial action.

Labour leaders have accepted the need for measures aimed at getting rid of the overdraft by the end of next year. The document notes that "this will require a turnaround of about £500,000 in the party's financial position by the end of 1983."

The poor state of the party's finances is partly put down to its "much more expensive" new London headquarters at Walworth Road compared to the cost of its old offices in Smith Square. Other reasons are increased public campaigning and pay increases given to party employees to bring them into line with TUC staff.

Falling party membership also appears to be a factor. Officials report that membership stood at 276,892 at the end of 1981 compared with the figure of 348,156 for 1981 given to the 1981 party conference.

The party's financial condition could be further upset in the event of an early General Election. The 1979 election, along with the aborted 1978 campaign, cost £1,436,000, according to the document, and it is expected that a campaign at present would cost £2.1m—rising to £2.3-£2.5m in 1983.

The influential Trade Unions for Labour victory campaign pledged itself to raise £750,000 to £1m by late autumn as a contingency fund for a snap election, and a further £1m-£1.5m next year for the General Election.

Unions plan for Labour, Page 9

Mellish quits Labour but stays as MP until Tatchell endorsed

BY PETER RIDDELL, POLITICAL EDITOR

MR BOB MELLISH, MP for Bermondsey in London and the former Labour Chief Whip, yesterday resigned from the party. This brings closer what is likely to be a bitter and divisive election.

His resignation is the latest episode in a saga of bad relations, which involves the oscillating views of Mr Michael Foot, the Labour Party leader, about whether or not to endorse Mr Peter Tatchell, an outspoken left-winger, as prospective Labour parliamentary candidate at Bermondsey.

Mr Mellish, aged 68 and an MP for 37 years, described his local party as a "mafia" and said that the Labour movement in London was in "a terrible mess." He said yesterday that he did not intend to join any other party. He would sit in Parliament as an independent until Labour's National Executive Committee (NEC) endorses

Mr Tatchell as Bermondsey candidate. "I will then resign to give the decent people of Bermondsey a chance to express their views." Meanwhile, he will support the Labour Party in the Commons in all main votes.

The by-election could be messy. It could include official and unofficial Labour candidates, as well as a Conservative and a candidate for the SDP/Liberal alliance.

During borough elections in the area in May, Mr Mellish backed councillors who stood against official Labour candidates and won. His action led to moves by the local Labour Party in West Lewisham, where he lives, to expel him. Those led in turn to the resignation yesterday. Mr Mellish has not said what he would do in the by-election. It is likely that Mr Tatchell

would be re-elected by the Bermondsey party as its candidate in the late summer, now that Mr Foot and the NEC have given the go-ahead. Mr Tatchell is expected to be formally endorsed in October or November. Mr Mellish would resign and a by-election be held in the winter.

The contest could present awkward choices for the alliance, especially if an unofficial Labour candidate, backed by Mr Mellish, were to stand. He had a majority of 11,756 over a Conservative in the 1979 election.

Some SDP leaders would like to stand aside from such a contest and back an unofficial candidate. Mrs Shirley Williams and other SDP MPs made conciliatory remarks about Mr Mellish yesterday. The seat has been allocated, however, to the Liberals, who are keen to stand.

Belgium faces austerity budget

BY LARRY KLINGER IN BRUSSELS

THE BELGIAN Government yesterday confirmed that the country is in for a prolonged period of economic austerity by laying down tough 1983 budget guidelines. Officials admitted privately the effect on the country would be "painful in the extreme."

The centre-right coalition government led by Prime Minister Wilfried Martens, announced that next year's budget deficit would be limited to Bfr 445bn (about £5.5bn), or 10.5 per cent of GNP on total expenditure of Bfr 1,722bn.

This compares with a budget deficit of 11.4 per cent of GNP this year and 12.7 per cent in 1981.

The reduction would be achieved by holding down growth in expenditure to below the expected rate of inflation. Despite the expected continued rise in unemployment, already at a record level of around 13 per cent, the government also intends to wipe out the projected social security deficit of about Bfr 36bn.

Indirect taxes will be increased, in as yet unspecified areas, and including regional government, transport, posts and telecommunications, education and hospital construction.

In a further move that could have international repercussions for Belgium, the Government decided to "apply strictly" its 7.5 per cent growth norm on defence spending.

In real terms, this could mean zero growth. The general aim is for member States to boost expenditure by 3 per cent in real terms.

Budget requests from the Ministry of Defence were trimmed by Bfr 5bn in a Cabinet meeting that lasted the whole weekend. In all, ministers reduced the projected overall shortfall by nearly Bfr 190bn.

Editorial Comment, Page 14

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Prime rate cut to 15%

Among the banks to reduce their prime rate yesterday were Bank of America, Citibank, Chase Manhattan, Manufacturers Hanover, Morgan Guaranty, Continental Illinois, First Chicago, Chemical Bank and Bankers Trust.

The cut, although expected, underpinned prices in the credit markets. Bond prices were marginally firmer yesterday following sharp gains on Friday night after the second discount rate cut was announced.

However, the market appeared to be waiting to see how the latest wave of Treasury borrowing, the third quarter refunding which begins today, proceeds before resuming the rally.

Three month Eurodollar interest rates yesterday fell 1/2 per cent, other European rates

closed lower as expectations grew that lower U.S. interest rates would lead to a generally lower level for world interest rates.

UK interest rates also moved lower following last week's UK banks base rate cut.

The Bank of England continued to cut its key intervention rate for the shortest maturity paper which it buys in the course of its money market operations (known as "hand one" bills). The rate was lowered by 1/8 to 11 1/8% and UK money market rates fell by about 1/2%.

Hopes that UK interest rates have further to fall have been boosted as the gap between U.S. and UK interest rates narrowed by up to two percentage points in the last month without damaging sterling.

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Trade

better than it was in the first quarter of the year. Since last autumn, when imports and exports both appeared to rise very sharply, both sets of figures have shown substantial fluctuation, often both moving in the same direction.

This has made it difficult to interpret the underlying trend even before the vagaries of the oil trade are taken into account.

The latest estimates for invisible trade—services, profits, dividends and transfers—are for the first quarter of 1982, when credits were £7,415bn against debits of £7,086bn, giving a surplus of £329m for the quarter. The invisible surplus in the private sector for the quarter was £1,217bn. Provisional estimates for the invisible surplus in the second quarter are £430m.

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Weather

UK TODAY

SUNNY periods with showers. Midlands, S. and N.W. England, S.W. Scotland, N. Ireland and Wales. Some mist, showers, sunny periods developing. Max 25C (77F).

N.E. England, N. and S.E. Scotland. Rather cloudy, showers and sunny periods. Max 19C. Outlook: Little change.

WORLDWIDE

Table with columns for location, Y day, and Y day mdday. Lists weather forecasts for various global locations.

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